FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Full ahead for Nimrod

Britain is to go ahead with full development of the Hawker Siddeley Nimrod flying radar station for Airborne Early Warning (AEW) duties and is pulling out of the Nato plan for the rival Boeing E-3A Airborne Warning and Control System.

This decision, which was announced by Mr. Fred Mulley, Secretary for Defence, is because of the inability of other Nato members to agree on sharing the cost of the $2.4bn. (£1.4bn.) alternative AWACS plane.

It is expected that Nimrod will create almost 7,000 jobs over the next few years. They will be spread among Hawker Siddeley Aviation's Woodford and Manchester works, Marconi-Elliott's Rochester, Kent, works and Rolls-Royce which makes the aircraft's Spey engines. Back Page. Parliament, Page 20

Provo threat to mainland Britain

The Provisional IRA is to step up terror attacks on the British mainland and will go on hitting at British industrialists, according to a Dublin interview with Mr. Seamus Twomey, who has been on the run in the Irish Republic since escaping from Mountjoy jail in a helicopter four years ago.

In Belfast yesterday two ...ers were injured by a bomb. Another bomb exploded in ...rmarket. Londonderry bus ... have decided not to drive ... town centre following ... when a driver was forced ... the journey with ... under his seat. The ... is considering proposals ... may lead to Ulster ... having to pay for ... they cause.

South Africa 'to extend call-up'

Compulsory national service for whites in South Africa may be doubled and recruitment of full-time soldiers vastly increased, Mr. P. W. Botha, the Defence Minister, said yesterday. South Africa, fighting a guerilla war on borders of Namibia and ... was negotiating for licences to build more arms.

Zaire talks

Brigadier Joseph Garba, Nigerian Foreign Minister, met President Mobutu of Zaire yesterday at the start of his attempt to mediate between Zaire and Angola over invasion of southern Zaire by a force of former Katangan gendarmes. Back Page. Feature, Page 22

Rhodesia deaths

A communique issued by Rhodesian security forces said that of 24 more people who had died in the past two days, 10 guerillas were killed for the loss of two black members of a para-military unit and 12 black civilians died at the hands of guerillas. Switzerland, fearing an influx of refugees, is to impose visa obligations on Rhodesians from May 1.

Mixed weather

After a cold spell variable weather is expected during the next 30 days, according to the long-range weather forecast.

Briefly ...

The Queen, who was welcomed home by Mr. James Callaghan at Heathrow airport early yesterday, is to rest at Windsor.

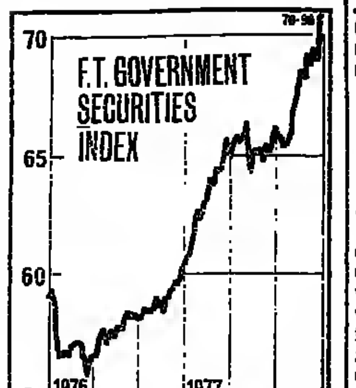
Trafalgar House Investments offered a substantial sum towards the preservation intact of Lord Rosebery's Buckinghamshire home, Mentmore Towers. Page 9

The diving world did not know about heatstroke, medically known as hyperthermia, until two North Sea divers died from it, the Energy Department's Inspector of Diving told an inquiry. North Sea Oil ..., Page 11

BUSINESS

Gilts in demand; equities down 7.8

● GILTS were active. Long-dated stocks were boosted by late buying, while short-dated issues closed with losses on profit-taking. FT Government Securities Index extended its four-year high by 0.17 to 70.96.



● EQUITIES met with no buying enthusiasm. FT 30-Share Index closed at the day's lowest of 419.4, down 7.8.

● STERLING edged down 5 points to close at $1.7200. Its trade-weighted index was unchanged at 61.8: dollar's trade-weighted depreciation narrowed to 0.61 (0.68) per cent. Pressure on Canadian dollar. Page 6

● GOLD fell $1 to $148.875.

● WALL STREET fell 2.08 to 919.13.

● STOCK EXCHANGE members ... the Talisman scheme ... puterised settlement of share deals. Page 8

Doubts over Leyland study

● DOUBTS are growing about whether Leyland Cars manual workers will give their backing to the working party to be set up to look at the company's industrial relations problems. Page 20

● PRICE COMMISSION is to widen its study of beer prices to take into account profits on the whole range of products sold alongside beer in licensed premises. The Commission yesterday reported that gross profits on mixer drinks were higher than justified. Page 8

● CIGARETTES containing substitute materials are to go onto the U.K. market. Two substitutes, Cytrel and New Smoking Material, have been given clearance and Gallaher is to launch two brands in its Silk Cut range in July. Page 8

● SAUDI ARABIA has awarded a member company of the Babcock and Wilcox group a £70m. turnkey contract for construction of a drinking-water plant. Back

● BRITISH AIRWAYS starts its no-reservations shuttle service between Heathrow and Belfast to-day. Page 8

● SENIOR TREASURY official, Sir Derek Mitchell, will leave to join the Board of Guinness Mahon—the second Treasury man to accept a private sector job in the past month. Back Page and Men and Matters, Page 22

COMPANIES

● HAWKER SIDDELEY has entered the struggle for Herbert Morris with an £8.3m. bid backed by the Morris Board. Back Page

● CADBURY SCHWEPPES boosted pre-tax profit by 20 per cent. to a record £46.4m. in 1976. Page 27 and Lex

● BOWATER lifted pre-tax profit to a record £78.3m. (£52.9m.) in 1976. Page 24

● ALFRED HERBERT, the machine tool group rescued by a £25m. injection of State aid, is making profits again. Back Page and Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...12% 1992 (£15 ...d)	218½	+ 1
...AP	365	+ 25
...Inatt London	151	+ 6
...veley Hambro	87	+ 4
...nen Bros.	29	+ 5
...lion	29	+ 5
...ke House	112	+ 12
...ger Bros.	164	+ 11
... Elect.	113	+ 12
...	202	+ 6
... (A.)	270	+ 27
...s Peat	168	+ 10
... Gibson	165	+ 9
... (R.)	218	+ 6
... Overton	99	+ 8
...Wilson	167	+ 13
... Fin.	61	+ 5
... (J. & L.)	51	+ 7
Reed (Austin)	59	+ 7
Spirax-Sarco	198	+ 8
Tecalemit	93½	+ 4½
Batu Malang	102	+ 9
Empire Plants	15½	+ 2
BH South	117	+ 3
MIM	242	+ 10
North Broken Hill	115	+ 8

FALLS

Treasury 9¾% 1981	£100⅝	− ⅛
Dunlop	100	− 4
EMI	203	− 7
Estates House Inv.	266	− 5
GEC	175	− 6
Hawker Siddeley	526	− 6
Pork Farms	193	− 24
Scottish & Newcastle	54	− 3
Tube Invs.	400	− 12
Attock Oil	108	− 8
BP	794	− 10
Anglo-American	220	− 5
De Beers Defd.	238	− 7
Whim Creek	60	− 10

TGWU pressure builds up against new pay deal

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

There is a real prospect that the Government, in seeking to secure another voluntary agreement on pay with the unions, will lose the crucial support of the 1.9m.-member Transport and General Workers Union.

This would be a severe blow because it has been Mr. Jack Jones, the union's general secretary, who has steered the union movement through two years of rigid self-imposed controls.

It became clear yesterday, as unions considered the full effects of the Budget, that their readiness to enter a further phase of voluntary pay restraint—of the kind the Chancellor has in mind—has been seriously damaged.

When the TUC economic committee meets in ten days to decide whether to open talks with the Chancellor, Mr. Jones will be under severe pressure from his members to argue that a deal of the kind the Chancellor is offering is unacceptable unless there are major improvements in the terms. The Budget's increased fuel and road tax costs hit directly at the transport industry and thus at the TGWU membership.

Whatever the result of that meeting and of the discussions that follow, the TGWU seems certain to leave its verdict open until its biennial conference has met at the beginning of July.

Because of the union's large block vote, that will make virtually meaningless any decision by a special TUC Congress called before that date, and could also upset the Chancellor's timetable for deciding on the conditional part of his Budget income tax cuts.

According to one union official yesterday, a large number of resolutions calling for an end to the social contract have been submitted by TGWU trade group committees and regional committees for the July conference.

Early warning of the pressure building up inside the union—pressure that Mr. Jones neither can, nor would want to ignore—came at the beginning of March.

The union's general executive council passed a fierce resolution calling for a statutory freeze on a wide range of prices, especially fuel and fares.

The Budget raised the prices of petrol and motor oil.

Another Budget blow to unions such as the TGWU with many lower-paid members was the Chancellor's decision not only to make conditional the lowering of the 35 per cent. income tax band to 33 per cent., but his failure to go near the TUC's call for a 25 per cent. band.

Lord Allen, of the Union of Shop Distributive and Allied Workers and chairman of the TUC economic committee, has already expressed disappointment on this score and on the Budget as a whole. Union leaders generally have been scornful of the tax offer and what they see as the Government's failure to seize the opportunity they say was provided by the downward revision of the public sector borrowing requirement forecast.

One union leader said last night: "The general feeling is that this is a CBI Budget and a complete rejection of our views."

It has been clear for some time that Britain's second largest union after the TGWU, the 1.4m.-member Amalgamated Union of Engineering Workers, may also be poised to reject another pay deal when the policy-making committee of the dominant engineering section meets next month.

Mr. Hugh Scanlon, AUEW president, has given a warning that the Budget tax offer will do nothing to help the grievances of his members over erosion of differentials, and Mr. Joe Gormley of the National Union of Mineworkers has forecast that his annual conference—at the same time as the TGWU conference—is most unlikely to buy another pay deal after July 31.

Budget debate Page 20
Liberals in petrol duty talks Back Page

U.S. trying to alter arms pact, says Gromyko

BY DAVID SATTER MOSCOW, March 31.

MR. ANDREI GROMYKO, Soviet Foreign Minister, to-day accused the Carter Administration of trying to revise the 1974 Vladivostok accords on arms control. He warned that if the accords were to be altered unilaterally by the Americans, the Soviet Union was in a position to respond in kind.

Mr. Leonid Brezhnev, Soviet Party leader and President Ford agreed at Vladivostok that a second strategic arms limitation agreement to replace the one which was negotiated in 1972 would be based on a ceiling of 2,400 offensive missiles and bombers for each side.

At a specially called Press conference, which is almost unprecedented for a high Soviet official, Mr. Gromyko said the Soviet Union was in favour of "completing the construction of the edifice" which was started at the Vladivostok meeting. This followed yesterday's rejection by the Soviet Union of America's proposals for a new SALT agreement.

Progress in the SALT negotiations has been blocked by disagreement over whether the American Cruise missile and Soviet Backfire bomber should be included under the terms of the Vladivostok Agreement.

Mr. Gromyko said the American claim that the Cruise missile—a long-range, low-flying bomb capable of homing in on its target—was not covered by the Vladivostok accord because the accord only applied to ballistic missiles, was not true.

Mr. Gromyko also dismissed the American claim that the Soviet Backfire bomber should be considered a strategic weapon and thus included under the terms of the Vladivostok accord. He said Soviet Party leader, Mr. Brezhnev, explained to Presidents Ford and Carter personally that the Backfire was not a strategic bomber but a medium-range bomber. Raising the question of the Backfire was an attempt to create an artificial issue.

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Carter confident Page 6
Vance in London
Picture Page 9

Each of the proposals presented this week by Mr. Cyrus Vance, U.S. Secretary of State, to break the impasse in the SALT negotiations was an attempt to alter the Vladivostok Agreement.

Responding to the comprehensive American proposal for sharp cuts in the strategic weapons stockpiles held by the two sides Mr. Gromyko said it had been suggested that the Soviets eliminate half the missiles which were regarded by the U.S. as "too heavy."

There had been no change since the Vladivostok accord to justify a call for such cuts now.

Under the Vladivostok Agreement both sides had the right to modernise rockets. But Mr. Vance proposed to scrap this aspect of the agreement which would give advantages to the U.S. and leave the Soviet Union in a worse position.

Turning to the second American proposal, for ratification of the Vladivostok Agreement but excluding the Cruise missile and the Soviet Backfire bomber, Mr. Gromyko said such an agreement left open the possibility for accelerated development of the Cruise missile.

Mr. Gromyko said despite the disagreement over arms control measures, this week's negotiations with Mr. Vance were fruitful because they allowed the U.S. and Soviet sides to get to know each other better.

Adrian Dicks reports from Bonn: Chancellor Helmut Schmidt said after his talks with Mr. Cyrus Vance this afternoon that he did not regard the SALT process as having "broken down." The basic interests of the West and of the Soviet Union alike were very strongly in favour of a second strategic arms agreement being reached. "Perhaps we should not expect more to have been achieved in this first contact."

BP prepares State share sale

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH PETROLEUM has prepared a contingency plan to help the Government dispose of £521m. worth of its shares.

The group has already drawn up and is continually updating a draft prospectus which might be used to support the sale of shares reducing the State holding in the company from 68 per cent. to 51 per cent. In addition, it is understood that senior directors are willing to join any overseas selling mission which might result in the wide dispersal of shares.

BP particularly wants to increase the number of U.S. holders of its stock, a point made yesterday in London by Mr. David Steel, its chairman. He added, however, that the company would not like to see more than 5 per cent. of the total holding going to an individual buyer. It was in the interest of the Government and the country that the shares should be as widely held as possible.

Mr. Steel welcomed the Chancellor's confirmation on Tuesday that the Government will reduce its holding. This stake, which formerly stood at 48 per cent., rose to 68 per cent. in 1975 when the Bank of England acquired a block of shares for £179m. from Burmah Oil. In spite of a law suit against the Bank being brought by Burmah, the Government is to go ahead with the share disposal which will reduce its holding to 51 per cent.

In his annual statement, Mr. Steel points out that more than 80 per cent. of BP's sales are outside the U.K., and before long 40 per cent. of the assets will be in the U.S.

MR. DAVID STEEL: welcomed confirmation

Along with other British companies, the group was concerned with the effect of pay restraint and heavy taxation on its competitive performance. "In the long run, we and other British companies cannot hold our own against our foreign competition unless we can adequately and effectively reward those who contribute their skill and initiative to success."

For example, 13 key specialists involved in North Sea exploration and development were wooed by higher pay to other companies last year. In one case the salary immediately doubled, from £8,000 to £18,000.

The group, which reported a net income of £180m. last year—the equivalent of 0.4p per gallon on all oil sold—is to spend £1.5bn. on offshore development over the next five years. A large part of this investment will go into the Chevron/BP group's Ninian Field project.

It is also expected that BP will begin the development of its northerly Magnus Field later this year. The final appraisal well on this prospect is now being tested, and this should provide further information on which the development decision will be based. BP's Forties Field is now yielding oil at a rate of 400,000 barrels a day and should be up to its peak output of 500,000 b/d later this year.

Mr. Steel said that, after the expected two "lean" years of 1975 and 1976, BP's performance should be improved as a result of production from Forties and Alaska.

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£ in New York

	Mar. 31	Previous
Spot	$1.7200-7200	$1.7206-7210
1 month	0.63-0.57 dis	0.65-0.60 dis
3 months	1.81-1.76 dis	1.76-1.65 dis
12 months	7.50-7.35 dis	7.10-7.50 dis

GOVERNMENT AIMS FOR STEADY FUNDING

Floating rate gilt to be issued soon

BY ANTHONY HARRIS

THE GOVERNMENT announced yesterday that it is taking steps to prepare for the issue of a floating-rate Government bond, to be offered alongside traditional fixed-interest securities. A prospectus launching the new security can be expected fairly soon.

The new bond will offer an income related to, but somewhat above the yield on Treasury Bills, and is expected to have a maturity of about five to seven years.

This innovation, together with a further issue of part-paid stock — £800m. of 9¾ per cent. bonds maturing in 1982 — is intended to meet two main aims: steadier funding, and somewhat lower interest rates.

First, it is hoped that it will help to ensure smoother progress in funding the public sector borrowing requirement as it arises. This is essential to meet the requirement of quarterly monitoring of domestic credit expansion by the International Monetary Fund. Traditional methods have tended to produce a cycle of feast and famine in the market for Government stock, with enormous sales when prices were rising, followed by a pause, accompanied by rapid monetary expansion, in any subsequent reaction.

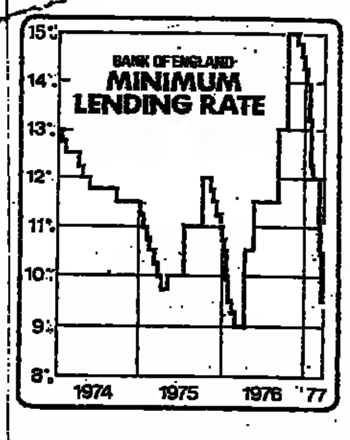
As a consequence of the change, the authorities will also be able to be rather more relaxed about the trend of interest rates in the market, as was shown in the one point cut in Minimum Lending Rate announced yesterday.

The sale of part-paid bonds will, it is hoped, secure substantial funding in advance—most of the money will be raised after the end of the April 20 banking month, the crucial date from the point of view of IMF requirements: these sales cannot be affected by future movement in the market. Should interest rates later show some tendency to react from their present fall, it is hoped that the new floating-rate bond will attract investors. The new techniques therefore give the promise of much steadier quarter-by-quarter control of domestic credit, whether the market is moving up or down.

As Mr. Denzil Davies, the Minister of State at the Treasury, made it clear in answer to a Parliamentary question yesterday, the floating-rate issue is a provision against possible future need rather than a new way to raise funds from the market at the moment. He said the Government expects to do the bulk of its future funding through traditional fixed-interest stocks.

Certainly little initial demand is expected for the floater in the present bull market for fixed-interest stocks, though some institutions—notably the building societies—may be attracted by the high capital security of the new stock.

As a preliminary to the new issue, the Government is introducing a statutory instrument to qualify the new bond for trustee investment, since the present Trustee Act specifies fixed interest Government stocks, and the Bank of England will discuss technicalities with the Stock Exchange.



Lending rate cut to 9½%

BY MICHAEL BLANDEN

THE GOVERNMENT gave its approval to the downtrend in interest rates yesterday with a 1 point cut in the official Minimum Lending Rate to 9½ per cent.

At the same time, the cut in MLR was followed by the announcement of yet another £800m. issue of conventional Government tap stock on top of the new floating rate stock. The new issue is again to be on instalment payments, spreading the impact on money supply over several months.

The cut in MLR was designed to acknowledge the lower level of rates already ruling in the money markets. The downward trend has been reflected this week in Wednesday's decision by the big banks to reduce their own base lending rates from 10½ to 9½ per cent.

It is hoped that, following this move, it will be possible to-day to reactivate the normal market-related formula for determining MLR at the new rate. The formula has been in suspension for the past fortnight while MLR has been held at the higher level by administrative action.

The decision was taken as a clear sign that with the Budget and the associated uncertainties out of the way and the generally favourable market reaction to the Chancellor's measures, the Government sees scope for a reduction in the cost of money.

The news provided a boost to the gilt-edged market, but the main impetus to prices at the long end came later with the announcement of the plans for a floating rate bond. The Government indicated last night that the bulk of gilt-edged sales would continue to be in conventional form.

The market, however, reacted with a rush of demand for the high-coupon long and medium-dated stocks, bringing price rises of up to 1¼ points. The FT Government Securities index rose 0.17 to another four-year

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FEATURES

ON OTHER PAGES

For latest Share Index 'phone 01-246 8026

LOMBARD

A storm in an oil can

BY SAMUEL BRITTAN

OF ALL the issues on which to raise the banner of revolt and show the country that they are not Mr. Callaghan's poodle, the petrol tax issue is the worst the Liberals could have chosen. They could have raised a major issue such as the failure of the Government even to consider seriously the argument for indexing the tax system, so that the Chancellor can pretend to make much larger income tax cuts than he really has. Then there is the extra-constitutional power given to the TUC over the nation's tax rates—if the conditional tax concessions are taken seriously.

But no: they have chosen to revolt on one of the most justified parts of the Budget, the so-called increase in the petrol duty. I say so-called because an increase of 5½p per gallon does no more than restore the real value of the petrol duty to its level after the 1976 Budget. If petrol tax had been an *ad valorem* percentage duty such as VAT, there would have been no need for the Chancellor to make any announcement: and the Liberals would have had to ask for a cut in the duty to achieve the same result. As for the Conservatives, they are simply playing the old Opposition game of voting against the unpopular parts of the Budget, while leaving the rest alone, and while professing a belief in greater financial stringency than that shown by the Government.

Energy

My own reaction to the Chancellor's talk of the "incalculable economic and social consequences" of failing in energy conservation was, "what a fantastic sermon to precede a minor adjustment in petrol duty!" Indeed, if there is a criticism of the Chancellor's policy on indirect taxes, it is that he did not act across the board to maintain the value of all the specific duties on drink, tobacco, petrol and the rest and make up for ground lost before 1976.

The threat to divide the House comes particularly badly from the Liberals who are supposed to favour tax indexation and the Conservatives who have made some partial gestures in that direction. (You cannot just index where your supporters would like and leave the rest without making nonsense of the whole exercise.) Nor is it an answer to say that the Liberals are in favour of a single rate VAT adequate to raise the £480m. involved in the petrol and vehicle excise adjustment. If this is done and nothing else, the yield of the specific duties will decline year by year and the corresponding load on income-tax and VAT increase.

The moral

Of course, any apparent upward move in any tax is politically unpopular. But to go by the reaction of voters to single issues in isolation is a misunderstanding of democracy. Individual voters do not have the responsibility of finding alternative revenue or expenditure cuts. They elect politicians to put together a coherent programme and judge by results. If voters are satisfied with the total impact of party policies, it is most unlikely that they will exact retribution for a minor measure taken in isolation. A broader drawback of the Liberal action is that it threatens us with a long period of election fever (which is one of the endemic diseases of variable Parliaments and from which the Liberals would be the first to lose).

The most important moral is for the Government. Is it likely that there would have been this fuss about petrol if the duty rose gradually every quarter in line with inflation and no major decision had to be taken? The same argument applies to nationalised industry prices, over-tight price controls and all other attempts to suppress inflation. The longer that adjustments are delayed the larger the political problem which builds up.

The odds are that the Liberals will climb down, perhaps for some undertaking on rural transport in help with constituency pressures. It would much better if they insisted on a beginning to indexation starting with the specific duties (the Meade Committee has already suggested exactly how). It is also a move which the Treasury ought to have an interest in making in any case. For a system of inflation-blind duties was of value to it only while the Chancellor could automatically get his way in Parliament. With the end of steamroller majorities, indexation, as well as much else, needs to be rethought, and the easy place to start is with the specific duties.

RACING — BY DARE WIGAN

Aintree decision sound policy

THE DECISION to restrict the Grand National meeting at Aintree to jumpers rather than to pepper the programme with inconsequential flat races as had been the practice in previous years, is, I am convinced, sound policy. Weetabix is sponsoring four of to-day's six races to the tune of £10,500, and with a total of £23,000 added money it is not surprising that there are plenty of runners.

In the Weetabix Hurdle (3.40) for 4-year-olds, I hope to see Rathconrath make amends for his unfortunate experience in the Daily Express Triumph Hurdle at Cheltenham, where he lost many lengths at the start and finished fourth behind Meladon, Decent Fellow and Gambling Prince.

On his previous appearance, Fred Winter's colt had defeated Decent Fellow at Haydock and I expect him to do so again and also to take care of the strong Irish challenge.

Bronco II carries top weight of 12 st. 5 lbs. in the Weetabix Handicap Chase (4.15); although he will go well, I doubt his conceding the weight successfully to two or three of his opponents, notably The Gent, No Gypsy and King Flame.

The Gent has the beating of him judged on their running at Newcastle in February, since when Arthur Stephenson's gelding has won well at Ayr. But even more to my liking is King Flame, a reliable jumper, who was runner up to Our Edition at Lingfield two weeks ago.

The Alpen Trophy Chase (3.05), run over two miles on the Mildmay Course, is an intriguing puzzle for Tree Tangle, Filigrove, Siberian Sun and Zarib all have claims judged on their best form.

Filigrove would hold a sound chance judged on his defeat of Tree Tangle early in February, but none judged on his display behind Tip the Wink and Siberian Sun at Cheltenham. Rightly or wrongly I am going to ignore that performance and hope that this half-brother to the Grand National winner, L'Escargot, will redeem himself here.

Earlier in the afternoon, What a Slave can score for Ireland in the Maghull Novices Hurdle (2.0): and Beacon Light, who ran, by no means badly in the Champion Hurdles Challenge Cup, may have too much experience for French Hollow in the George Hurdle (2.30).

At Ascot, Albury Lad, who stays well and who will be competently ridden by Mr. C. Saunders, is my idea of the probable winner of the Hillsborough Handicap Hurdle (3.5) for amateur riders.

At Warwick the day's only flat race meeting (Teesside has been abandoned) The White Tower, an easy winner at Doncaster last week, can carry a 7 lb. penalty to success in the April Handicap (3.15). Rolleston, another who scored at Doncaster last week, looks best in the Whitnash Handicap (3.45).

LIVERPOOL
2.00—What a Slave
2.30—Beacon Light**
3.05—Filigrove
3.40—Rathconrath***
4.15—King Flame
4.45—Miss Boon

ASCOT
2.00—King Commander
3.05—Albury Lad

WARWICK
3.15—The White Tower
3.45—Rolleston
4.15—Rlat*

SALEROOM — BY ANTONY THORNCROFT

Evelyn's cabinet for £26,000

A CABINET which belonged to the 17th century diarist John Evelyn was sold at Christie's yesterday for £26,000, plus the 10 per cent. buyer's premium. The cabinet, made of ebony and decorated with 19 pietra dura plaques, was acquired by Evelyn in Italy and is mentioned in his diary. It went above forecast, to R. A. Lee, the London dealers.

The same sum was paid by a private buyer for a set of six Louis XV fauteuils by J. Lebas, which are no strangers to Christie's. It sold them for 7,200 guineas in 1960 and 8,000 guineas 11 years later. The price was double forecast. Four early Louis XV giltwood fauteuils did even better, going to A. and F. Gordon for £18,000, compared with a £1,500-£2,000 estimate.

One of the six Louis XV fauteils that totalled £26,000

Other high prices, in a successful furniture auction which brought in £287,165, were £13,000 for a Louis XV marquetry commode by P. Roussel (in 1935 it sold for £2101) and £11,000 from Mount Street Galleries for a German walnut and marquetry games table. A pair of German marquetry tables with scenes of the siege of Vienna and the bombardment of Napoli di Romania, which might have belonged to Evelyn, was bought by Colnaghi for £8,500.

Sotheby's continued with the less important Impressionist and Modern works yesterday, bringing in £269,445. Foreign buyers were particularly active. A Tokyo dealer paid £14,800 for "Tête de Femme de Profil" by Rouault, a Swedish dealer bought an oil by Malta for £9,500, Sternberg, a Chicago dealer, bought a Serusier for £9,200, and a Johannesburg dealer gave £8,800 for 'L'Entree du Jardin' by Dufy.

A view of Collioure by Henri Martin went for £8,700 and "Composition" by Max Ernst fetched £8,100. All told, 16 per cent. was bought in, a good achievement for a sale of this kind.

Sotheby's sold silver and plate for £34,532, with a top price of £1,150 from Jacoby for a George II coffee pot.

At Phillips the extremely high prices of £5,000 and £5,100 were paid by Martins-Forrest for bronze and ivory figures by Chiparus and Preiss respectively.

Among the stamps Robson Lowe had its highest ever total for a general sale at Bournemouth of £95,572. Stanley Gibbons brought in £32,932 from the first day of a British Empire auction. An unused Cyprus 1924-1928 £5 stamp sold for £1,200.

At Bonham's European pictures totalled £87,057, with 11 per cent. unsold. A picture of animals by Otto Friedrich Gehler made £7,800, way above forecast, and a view of Naples, catalogued G. Carelli, sold for £3,000.

'Flexible system needed for paying expatriates'

FINANCIAL TIMES REPORTER

FINANCIAL TIMES
INTERNATIONAL EXECUTIVE EMPLOYMENT
CONFERENCE

THE IMPORTANCE of avoiding a "hotch-potch" system of calculating the pay of employees abroad was the opening theme of the second day of the Financial Times Conference on International Executive Employment in London.

Talking about the special problems of third country nationals and international re-location, Mr. R. B. Ellis, group personnel director of CPC (U.K.), told the conference yesterday that a company had to have a central theme, but one with sufficient flexibility to cope with different types of overseas contracts.

Perfection was impossible: expatriates from several countries working together in a location foreign to them all would compare their salaries with both their immediate contemporaries and their pay at home.

Hardship

Pay levels must acknowledge not only the hardship incurred in working abroad but also living standards in the country concerned and the pay of other expatriates there.

The best system would have little rigidity or complexity and be explained and understood easily.

The "enlightened personnel policy" of Télémécanique Electrique (GB), was used as an illustration by Mr. R. J. Hudson, the company's managing director in his talk on the French approach to remuneration and conditions for their expatriates.

The company had a formula under which it could draw up a "remuneration unit" in any country in the world." This R.U. . . . overcomes the problem of inflation and exchange rates, and, because of this, all supplementary allowances."

It was calculated by establishing the salary for the job in both the host and donor country, ensuring that this incorporated any difference in the cost of living which would reduce the employee's purchasing power.

Expenses

Those sent abroad were prepared for their foreign stints by intensive language training, allowing a prior reconnaissance visit to the host country, with installation expenses paid to cover the adaptation to the new country, both materially and culturally.

The American system of paying their expatriates was dealt with by Mr. W. R. Pulliam, manager, international services, of Hewitt Associates.

"The total U.S. expatriates' compensation package will be designed with the objective of maintaining the net (after taxes) purchasing power of an individual only approximately equivalent to that which [illegible] would realise in the U.S."

"The company is more concerned about the adequacy of U.S. expatriates' total compensation in relation to the value of their contribution to the success of the company than about the method by which the compensation is calculated."

Pensions

The problem of retirement pensions for expatriate executives was discussed by Mr. D. F. Callund, managing director of Callund & Co. There was no perfect solution to the problem, although much time had been spent in international employee benefit meetings.

"One must, therefore, seek a compromise solution which will be practicable for a company, its shareholders and its expatriate employees and their families."

In its simplest form, a company could promise to pay a retirement pension to its employees and pay such pensions out of current revenue when retirement occurred.

"In practice, pension administration tends to be more complex. For reasons of employee security, corporate financial discipline and accounting practice, companies tend to make advanced provision for the pension liability which they have created by virtue of their personnel policies."

In terms of an executive's assignment overseas, social security coverage was likely to be obligatory.

"Membership of the social security system of the home country might no longer be possible, and membership of an occupational pension scheme in the home country might have to be terminated. Further transfers of employment have similar effects."

Distortions

When extraordinary distortions in pay occurred because of a transfer abroad—either to a high-cost high-pay, or to a low-cost low-pay country, the basis upon which the employee's ultimate retirement income was to be granted might be difficult to assess.

"Most international companies, said Mr. Callund, were able to relate job categories in one country to pay rates in another.

"By virtue of this, it is commonly possible for a notional pay policy to be maintained at corporate headquarters to show the pay rate which would have been practicable to the employee had he remained in his country of origin and accepted similar responsibilities to those which he undertakes abroad. . .

"It is thus possible to determine — as a minimum — the normal retirement pension expectation which the company's [illegible] would have provided to the employee in his country of origin."

Relief claim

Mr. John Chown, chairman of J. F. Chown and Co., pointed out that the employees engaged under a contract of employment with duties performed wholly outside the U.K. would, as a result of the Budget from April 6 be able to claim relief on expenses in the same way as if their employment was normally carried on in the U.K.

"Where an employee is working abroad for at least two months and the employer has incurred travelling expenses of the spouse and children, the benefit will be tax-free up to two journeys a year."

The impact of social security legislation on people working abroad was the theme of Mr. R. E. Jarvis, senior executive officer, overseas branch, Department of Health and Social Security. He explained the effects of regulations made under the Social Security Act 1975, relating to persons abroad, and also listed the reciprocal agreements on social security made between the U.K. and certain other countries.

Another factor he discussed was the social security regulations of the European Economic Community. The emphasis of his remarks was on the circumstances in which employers and employees are required to contribute to social security schemes during overseas employment and the consequent effects on entitlement to social security benefits during that employment and on return to Great Britain.

Mr. D. Gilling-Smith, managing director of Employee Benefit Services, spoke on "effective remuneration planning and expatriate benefits."

Legal aspects

The legal aspect of employment of executives abroad was discussed by Mr. A. Greig, personnel manager, of Charter Consolidated.

With the scope of compensation and penalties rising all the time, lawyers could do companies a commercial favour.

They must know the home base legal position, the law applicable to the away base, and also the practice and procedure of the foreign legal system.

The administrative and industrial relations aspects of international employment were very complex and should justify considerable resources being devoted to their resolution.

Mr. Greig reinforced his argument by point out that "the pattern of expatriate careers has altered so much that greater mobility and worldwide inflationary trends have considerably increased expatriate employees' consciousness about their conditions of service.

"If the bad news is . . . more detailed policy formation and development costs, perhaps the good news is that even the eff. . can generate a considerable [illegible] of industrial relations as well."

Some of the more unlikely hazards of working abroad were covered by the guest speaker, Lord Shackleton, deputy chairman and director for personnel and administration of Rio Tinto-Zinc Corporation, over lunch.

Social customs

In a light-hearted speech, Lord Shackleton pointed out the problem of identity for the international executive—whether he be British or merge into the local culture. He also thought important to have previous information of the practices and social customs of the host country—"to know, for example, not to arrive in Jeddah in the middle of the Hadj."

He ended his talk by stressing the value of international experience, not only in business terms, but also from a personal angle.

The conference chairman was Mr. L. H. Peach, director personnel and corporate affairs, IBM, U.K.

Lords outlaw AA tactic to win costs in court cases

THE Automobile Association, whose claims recovery scheme recovers insurance case losses for more than 11,000 motorists a year, learned in the House of Lords yesterday that it could not recover all its own legal costs in every successful case.

In a ruling which will cost the AA thousands of pounds a year, the law Lords decided against a "tactic" used by the association's solicitors to try to get its full legal costs in some claims involving net losses of less than £100.

The case arose from an accident between cars driven by Mr. Roger Marlowe, of Ash Green, Surrey, and Mr. Percy Hobbs, of Denmark Square, Aldershot.

Lord Diplock said it was never seriously disputed that Mr. Marlowe was solely to blame. But Mr. Hobbs finished up £73 out of pocket because he lost £10 under an excess clause in his insurance policy, and did not recover £63 which he spent on hiring a car while his own car was undergoing repairs costing £237.

The two insurance companies had a "knock-for-knock" agreement which covered the repair costs, but Mr. Hobbs used the AA claims recovery service to get back his losses.

The AA solicitors recovered the money for him, but failed, in the county court, to recover their costs beyond a nominal £7.50p court fee.

The law Lords had to decide whether Mr. Hobbs's losses were, as the AA claimed, £300, which included the repair costs, or whether they were his own actual losses of £73. Court rules laid down that in claims for less than £100 solicitors charges could not be recovered.

Lord Diplock said the AA's solicitors had adopted the tactic of suing, in the member's name, the other motorist (in reality, the other motorist's insurers) for the full amount of the damage and consequential loss so that the claim would exceed £100 and entitle them to more than the nominal court fee.

In fact the actual amount at stake was only £73 and the county court judge had been right to award the Association's solicitors only the nominal fee.

There were no grounds for interfering with the county court judge's decision. "Nor," said Lord Diplock, "would I wish to do so even if I could."

Lord Elwyn-Jones (Lord Chancellor), Viscount Dilhorne, Lord Diplock, Lord Simon of Glaisdale, and Lord Salmon agreed.

Their ruling was given when they dismissed two cross-appeals—one brought in Mr. Hobbs' name by the AA solicitors on the issue of costs, and one brought by Mr. Marlowe's insurers on the question of whether Mr. Hobbs or his insurers were deprived by the knock-for-knock agreement from recovering the amount of his losses.

BANK RETURN

—	Wednesday March 30 1977	Inc. (+) or Dec. (—) for week
BANKING DEPARTMENT		
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	21,601,993	— 4,495,65-
Special Deposits	1,036,526,000	—
Bankers	390,989,992	— 148,326,241
Reserves & Other Accs.	464,737,296	+ 22,952,993
	1,806,507,281	— 125,867,48-
ASSETS		
Govt. Securities	1,291,667,479	+ 230,400,000
Advances & Other Accs.	424,017,128	— 345,662,592
Premises, Equip't & other Secs.	84,129,351	— 92,950
Notes	8,691,317	— 16,326,057
Coin	197,380	+ 4,117
	1,806,507,281	— 125,867,483
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	6,850,000,000	+ 50,000,000
In Circulation	6,841,408,183	+ 66,326,066
In Bank'g Dept.	8,691,817	— 16,326,052
ASSETS		
Govt. Debt	11,015,100	—
Other Govt. Secs.	5,961,283,568	+ 68,382,245
Other Securities	877,701,332	— 18,382,843
	6,850,000,000	+ 50,000,000

Mason given a reminder

MR. ROY MASON, Northern Ireland Secretary, has been asked to explain the delay in calling a conference to discuss the ending of segregated education in Northern Ireland.

Mr. James Kilfedder, Ulster Unionist MP, in a letter to Mr. Mason said that as violence continued the need for such a measure became more urgent.

Mr. Kilfedder pointed out that Mr. Mason's predecessor, Mr. Merlyn Rees, promised a year ago to stage a conference to examine the possibility of ending segregated education on religious grounds. Since Mr. Mason has now had consultations with Protestant and Roman Catholic leaders he should be in a position to arrange the conference.

SNOW REPORTS

	Depth (cms.) L	U	State of Piste	Weather
Avoriaz	125	210	Good	Cloud —
Good skiing everywhere				
Courmayeur	230	350	Fair	Fine
Good skiing on upper slopes				
Grindelwald	2	90	Good	Fog
Good snow, poor visibility				
Isola 2,000	205	320	Good	Sun
Powder on north-facing slopes				
St. Moritz	110	230	Good	Cloud —
New snow				
Val d'Isere	100	240	Good	Cloud
Powder on north-facing slopes				
Verbier	15	170	Good	Cloud
Good skiing conditions				
Zermatt	35	120	Good	Cloud
Very strong winds				
Reports above supplied by representatives of the Ski Club of Great Britain				
SWITZERLAND				
Arosa	115	135	Good	Sno-
Davos	55	200	Good	Cloud
Murren	30	50	Poor	Cloud

Mr. Robin Duthie has been appointed chairman of the CLYDE PORT AUTHORITY succeeding Mr. Alister McCrae, who will continue as a member of the Authority for a further two ... Mr. A. Robertson has been ... a member in place of Mr. P. Rait who has retired ... Duthie is chairman of ... Edgington and Mr. R... managing director of ... (Glasgow).

TV Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University (UHF only). 9.30 For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Trumpton. 2.15 Racing from Aintree. 3.20 Glas Y Dorlan. 3.53 Regional News (except London). 3.55 Play School. 4.20 Roobarb. 4.25 Jackanory. 4.40 Lippy Lion and his Friends. 4.55 Crackerjack. 5.25 Magic Roundabout. 5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide. 7.00 The Fantastic Journey. 7.45 Are You Being Served? 8.15 Porridge. 9.00 News. 9.25 Harry O. 10.15 To-night (London and South-East only). 10.45 Regional News. 10.46 Come Dancing. 11.26 The Friday Film: "The Rain People," starring Shirley Knight.

All Regions as BBC 1 except at the following times:—

Wales—1.45-2.00 p.m. Sioncyn Sboncyn. 3.55-6.20 Wales To-day. 7.00 Heddiw. 7.20-7.45 Twndish. 11.12 Kung-fu Friday. 10.45-10.46 News for Wales.

Scotland—3.55-6.20 p.m. Reporting Scotland. 9.25 Current Account. 9.55 Harry O. 10.45-10.46 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 The Gig in the Round. 10.45-10.46 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth). 10.45 East (Norwich) On Camera; Midlands (Birmingham) Life's Work; North (Leeds) The £3,000 Catch; North-East (Newcastle) Kelloe's Heroes; North-West (Manchester) Is It Worth It?; South (Southampton) Day Out (Shaftesbury); South-West (Plymouth) Peninsula; West (Bristol) Kreb Bristle.

BBC 2

6.40 a.m. Open University. 11.00 Play School visits the River Thames. 2.00 p.m. World Table Tennis. Racing from Aintree. 4.55 Open University. 7.00 News on 2 Headlines. 7.05 Shaftesbury. 7.30 Newsday. 8.00 Gardeners' World. 8.30 The Money Programme. 9.00 Pot Black '77. 9.25 Horizon. 10.15 The Roads to Freedom. 11.00 Late News on 2. 11.10 World Table Tennis Championships.

LONDON

9.30 a.m. Klimba. 9.55 Primitive Man. 10.15 The Wild Wild West. 11.35 Hammy Hamster's Adventures on the River Bank. 12.00 A Handful of Songs. 12.10 p.m. Rainbow. 12.30 Sounds Like McEvoy. 1.00 News. 1.20 To-day's Post. 1.30 About Britain. 2.00 Money-Go-Round Good Afternoon. 2.25 Friday Matinee: "Westward The Wagon." 3.50 The Cedar Tree. 4.15 Dominic. 4.45 Magpie. 5.15 University Challenge. 5.45 News. 6.00 Matter of Morals. 6.25 Crossroads. 7.00 Beryl's Lot. 7.30 Sale of the Century. 8.00 Emergency. 9.00 Raffles. 10.00 News. 10.30 Police 5. 10.40 Russell Harty. 11.40 UFO. 12.40 a.m. Close: Tina Heath reads "Godfacts" by Dick Williams.

All IBA Regions as London except at the following times:—

ANGLIA

ATV MIDLANDS

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.35 a.m. Survival Special. 10.30 Kiddywinkles. 10.55 Musket, Fife and Drum. 11.20 Afloat. 11.45 Oscar. 11.23 p.m. Road ...

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2

RADIO 3

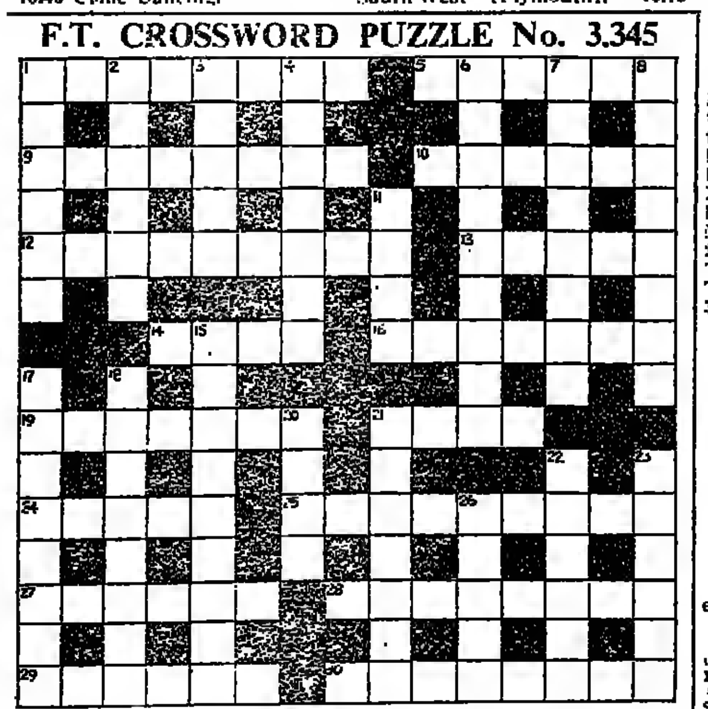
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,345



ACROSS

1 Followed notice displayed outside (8)
5 Doing nothing so I'd go to fish (6)
9 Conductor has a bit of liver ailment (4-4)
10 Universal certificate with graded fuels should be bandy (6)
12 A foot we hear tips hairdresser (9)
13 Rotten nuisance hiding boredom (5)
14 Charge is about right? No, it's priceless! (4)
16 Purify former prince and give encouragement (7)
19 To agree completely (7)
21 What soldiers do with arms left on ship (4)
24 Mother-of-pearl from northern area of land (5)
25 Reorganise position behind kitchen fireplace (9)
27 Calm Count in tartan cloth (6)
28 Little time for deficiency (8)
29 Hard to chew, but about right for animals to feed from (6)
30 To lurch cast in dry surroundings requires wit (8)

DOWN

1 Marry to make ends meet? (6)
2 Counsel a duke on immorality (6)
3 Giants go up with reserves (5)
4 Instalment on T.V. so deep I become confused (7)
6 Ailment common to painters (9)
7 Soldiers putting child on railway (8)
8 Swift traveller (8)
11 Competent but not top of table (4)
15 Assuaging and experiencing again about start of examination (9)
17 Be conservative and tolerate Irishman (5, 3)
18 Cat's coat designed for players to hole one at a time (8)
20 A story that must be spun (4)
21 Famous Lines, thief, used to cook eggs (7)
22 At home to receive new recruits (6)
23 Not far off with this (6)
26 Country right on top of mountain range (5)

Solution to Puzzle No. 3,344

هكذا من الأصل

هكذا من الرحيل

Cinema

The Easter parade

by NIGEL ANDREWS

Joseph Andrews (AA) — London Pavilion
Jabberwocky (A) — Columbia
Stand Up Virgin Soldiers (AA) — Warner West End
The Eagle Has Landed (A) — Empire
Silver Streak (A) — Odeon Leicester Square
Treasure of Matecumbe (U) — Odeon, St. Martin's Lane

For the Easter holidays, the British cinema has put its magic carpet at our disposal. Thanks to the wonders of celluloid, we have touched down this week in mediaeval and 18th century England, and in 1950s Singapore. But time-travellers whose wanderlust is whetted by such a prospect should be warned. This is the many-faceted panorama of world history as seen through the strictly two-dimensional eyes of British film comedy. In the shape of *Joseph Andrews*, *Jabberwocky* and *Stand Up Virgin Soldiers*, the week's films are devoted less to furnishing insights into past history than to demonstrating—with tireless slapstick zeal—that all the world's a Carry On film; that if bottoms and bosoms are food for hilarity in modern dress, they are no less so when decked out in the pompous finery of times past.

The week's most *auspicious* disappointment is *Joseph Andrews*, directed by Tony Richardson and bearing all the hallmarks of a belated, catchpenny follow-up to *Tom Jones*. Although I felt less hostility than most to Richardson's first sortie into the world of Henry Fielding—for all its concussive mixture of backslapping bonhomie and nudging innuendo, it captured much of the humour and generosity of the original—sortie number two is a disaster. The film is based on an earlier Fielding novel which, though shorter than *Tom Jones*, is no less amiably rambling in shape and offers us the classic Fielding characters — [illegible]. Ladies, pompous squires, spindly clerics, gossipy serving women — all mixed together with the same unique blend of racy caricature and wise, compassionate humanity.

In Richardson's hands, however, all we get is the caricature. The novel has been creamed of its surface vitality, while all its substance and philosophical nourishment are left behind. The saddest casualty is Parson Adams, the novel's most enduring creation and perhaps its real hero. In a book merciless on the Pharisaism and hypocrisy of the clergy, Adams represents Christianity with a human face, a deeply lovable, and lovably absent-minded, old gentleman whom Michael Hordern, with his diffident bloodhound face and sing-song scattiness of manner, was born to play. But Richardson turns Adams merely into a perpetual moving target for the film's slapstick set-pieces: now soaked in pig's blood in a tavern brawl, now running trouserless through Milady's bedroom—always the butt (in every sense of the word) of the film's relentless knockabout hysteria.

The other characters are taken with similar lack of ceremony from the novel and set to trot around like so many clockwork mice: the bosomy, lascivious Lady Booby (Ann-Margret), the Malapropistic Mrs. Slipslop (Beryl Reid) and mercurial guest appearances by everyone from Jim Dale and Hugh Griffith to John Gielgud and Peggy Ashcroft.

Book Reviews are on Page 14

Whenever David Watkin's luminous photography unites with Richardson's instinctive sense of period—as in a riverside spring carnival, or a dirtily authentic 18th century traffic jam—the film shows what it could have been like if the makers had hearkened less to the call of the box office, with its insatiate demands for bosoms and pratfalls, and more to their undoubted affection for the novel itself. For the most part, however, chaos reigns and the spirit of Fielding is well and truly lost in the scuffle.

★

Not much better is *Jabberwocky*, which follows ponderously in the footprints of *Monty Python and the Holy Grail*. The director is Terry Gilliam, Python's celebrated animator, and the star is Michael Palin, Python's specialist in genially goofy juveniles. Since the remaining two-thirds of the Python team are missing, however, it comes as no great surprise that this mediaeval romp is a third as funny as its predecessor: trying for the same absurdist blend of ripely realistic carnage and ripely unrealistic dialogue, but lacking either the story interest or the comic momentum to eke out our attention for 100 minutes. The film's few consolations are mostly to *be found in the supporting cast*—which includes Max Wall, Warren Mitchell and John Le Mesurier—and in the splendid *Jabberwock itself*: a lolloping, barnacled, eye-rolling monster which looks as if it was built by Heath Robinson after designs by Hieronymus Bosch.

★

Stand Up Virgin Soldiers is the dire sequel to *The Virgin Soldiers* of seven years ago: Robin Askwith, George Layton, Nigel Davenport and the ubiquitous John Le Mesurier starring in this strenuously dim-witted slice of army life set in Singapore in 1950. Despite pretensions to a more abrasive, realistic approach, the film looks like nothing more than a kind of *Carry On Korea*: trousers are dropped with the required frequency, there is the statutory quota of winking double entendres, and as is customary in this kind of film every minority group outside the charmed circle of our hearty, ribald, salt-of-the-earth *heroes* (Messrs Askwith and Layton)—from the upper-class-twit officers to the two homosexuals who are paraded through the film for an easy laugh—are simply there as fodder for the film's tirelessly undiscriminating comic appetite.

★

Has the catalogue of gloom ended? No, for *The Eagle Has Landed* is British catastrophe number four: an adventure story set in the last year of World War Two and chronicling a picturesquely improbable German attempt to kidnap Winston Churchill. Nazi spies Michael Caine and Donald Sutherland lead a band of men, posing as Polish allies, to the pretty Norfolk village where Churchill is scheduled to make an overnight stop. The villagers are hoodwinked for a while but finally catch on, and thereafter the film endeavours to keep us in suspense with the question, can the Germans still get away with it?

History, alas, has already told us the answer. The film manages the remarkable feat of being both far-fetched and dull at the same time. Far-fetched in its painstakingly silly and Miniver-ish recreation of English village life c.1944—every pub and cottage looks as if it has been freshly visited by the set designers—and dull in its singular inability to suspend the audience's disbelief, even for a history-defying moment, about the possibilities of Churchill's abduction. Caine, Sutherland and a host of stalwart British character actors go *through their* paces with unblenching professionalism. But the only player to create something resembling a human being is *Jenny Agutter* as Sutherland's lovelorn, doubt-haunted girl friend. She speaks her platitudinous lines as if she really believed them: her eyes, at moments of crisis, fill with real tears; and altogether she deserves some kind of award for good acting well beyond the call of duty.

★

With relief one turns to the glossy, all-round proficiency of *Silver Streak*: one of those films that was evidently mixed together in the script-writing laboratory from a number of artfully selected sure-fire box-office ingredients. Here is a train thriller, à la *Murder on the Orient Express*; here is a lush cross-continental romance provided by Gene Wilder and Jill Clayburgh; and here is a spectacularly destructive finale to slake the appetites of disaster-movie fans.

The train is a long-distance express travelling from Los Angeles to Chicago, and Wilder is the innocent abroad who becomes involved in a multiple murder plot masterminded by Patrick McGoohan. The film bucks about genially between comedy and suspense without too evident a sense of purpose, but in Wilder it has an actor whose pixillated comic charm can carry far flimsier vehicles than this; and in the train itself they have a natural star, gliding sleekly through the rolling countryside and making the most of its runaway climax in Chicago Central Station.

★

The Treasure of Matecumbe is the latest Disney offering: an amiable romp about two boys who discover a map indicating the location of buried treasure and rush off to Florida to find it. Sundry Huckleberry Finn-style encounters occur on the way — with a grandiloquent quack doctor (Peter Ustinov) and a giddy Southern Belle (Joan Hackett) —and the climax is a lively showdown in the Florida swamps.

Ann-Margret and Peter Frich in 'Joseph Andrews'

Yale University

Debussy's 'Usher'

by ANDREW PORTER

Some stir was created by the billing of the world premiére of Debussy's one-act opera *The Fall of the House of Usher*, put on in the Great Hall of Jonathan Edwards College, Yale. That Debussy had worked on an *Usher* opera was not unknown. In 1908 Gatti-Casazza acquired the first-performance rights in it for the Met (together with those of *The Devil in the Belfry*, to be done as a Poe double-bill). Debussy's letters recounting his struggles with both pieces, chiefly in 1908 to 1911 and again in the last year of his life, appear in all the standard biographies.

In 1962, the Debussy centenary year, Edward Lockspeiser published the first 200 bars or so of *The Fall of the House of Usher*, in reduced negative facsimile (white on black), and the whole libretto. The music was hard to read: the notes were sometimes in doubt. The score was in the form of a *particella* (vocal lines, with the orchestral part indicated on two, three, or four staves and by a few verbal cues for instrumentation). Excerpts from the opera were broadcast on the BBC and on French radio, and found interesting. But it was generally agreed that nothing meet for regular performance could be salvaged from the sketch.

For the "world premiére," the *particella* (which is in the Bibliothèque Nationale) had been newly transcribed by Carolyn Abbate, a Yale student, and orchestrated by Robert Kyr, a former Yale student, in a skilful Debussyan manner. Other sketches for *Usher*, and annotations in Debussy's copy of the Poe story, provided them with some extra hints. When the music petered out, after about 20 minutes, the rest of the libretto was spoken — chiefly, but not wholly, in English translation. The collaborators presumed that the House of Usher stood in France, while its master and his friend had been to an English public school.

(But if the house is to be given a more than symbolic location, it must surely be in some remote region of Britain.) For the final catastrophe, music was made from a seven-bar fragment that Debussy inscribed "pour la fin de la maison usher," adding a large question mark.

A large question mark must also hang over any attempt to reconstruct even as much of Usher as survives. The vocal style is the recitative style of *Pelléas* made more abrupt, more concise. What Debussy strove for were new harmonies and new instrumental sounds to convey an atmosphere of terror, "a progression of anguish." He told Durand in 1909 that Roderick Usher's monologue "has an attractive mustiness obtained by mixing the low notes of the oboe with violin harmonies. . . . I am rather proud of it." The harmonies can be found in the *particella*, but the scoring of the Yale version is *essentially* Mr. Kyr's. The show could more decently have been described as a bold student attempt to give sound and context to an important, extended sketch for an unfinished composition. As such it was of considerable interest.

And two reasons for Debussy's inability to get beyond the beginning suggested themselves. First, he wanted to do something quite different from *Pelléas*—but how could he, choosing once again a castle setting where the air seems stifling, where the action passes into sombre vaults, where a pale maiden mysteriously suffers? Second, although the Poe tale obsessed him, he had removed its essential character in adapting it for the stage. In Poe, the House and Roderick are aspects of one idea, and are described in similar terms. A fissure, actual in the masonry, mental in the man, destroys them both together. Roderick's song, *The Haunted Palace*, spells out the metaphor. Debussy reallotted the song to Madeline. He invested Roderick with a Byronic passion for his sister, and provided him with a rival, the Family Doctor. In Debussy, it is the Doctor, not Roderick, who buries Madeline alive — and this change in itself is enough to wreck the symbolic basis of the story.

So Debussy was struggling to do something impossible — to be musically true to his perceptions of Poe when in words and actions he had already falsified him. In 1911 he wrote: "For a single bar I write which may be free or alive there are twenty stifled by the weight of what is known as tradition" (including therein his own *Pelléas* tradition). In 1916 he returned to the opera, shortened and partly reshaped the libretto, and ordered his earlier sketches in the form of the *particella*. But again he could get no further with it.

Miss Abbate and Mr. Kyr aimed to show what Debussy might have had in mind. The Yale producer, Graf Mouen, had other ideas, and scrapped the composer's stage directions, entrances and exits in favour of his own — an absurd thing to do when an unfamiliar piece is being revealed for the first time. There was invented business with a dead bird, sentences murmured into the ear of a stuffed owl, and much painful rubbish of that sort. Anyone who had not read the libretto (which was published, fairly obscurely, in Monaco) received a thoroughly misleading impression of the opera. Sheila Barnes sang Madeline's song very beautifully. John Cimino (Roderick), John Ostendorf (his friend), and Rinde Eckert (the Doctor) were passable singers, but only the last was any kind of actor — and half the evening was spoken drama. William Harwood, the admirable young director of the Yale Symphony, was a sensitive and secure conductor.

John Cimino and John Ostendorf

New Theatre, Cardiff

I masnadieri

by RONALD CRICHTON

With their new production on Tuesday of *I masnadieri*, Welsh National Opera return to Verdi, their house composer as much as anyone. This was his only "London" opera, not it is true designed for the capital, but given at Her Majesty's in 1847 after other plans had fallen through. The role of Amalia was tailored for Jenny Lind with due allowance for her agility: the first cast also included the tenor Gardoni and (as Maximilian Moor) the great bass Lablache. An interesting, typically vital, uneven work, *I masnadieri* has been less often revived since early Verdi's spectacular return to favour than other operas of the period—he started work on the score *before* the first version of *Macbeth* but completed that opera first.

The Welsh staging, in a new English translation by the composer Stephen Oliver, directed by Julian Hope in bare, murky but often effective settings by Hayden Griffin, strongly conducted by Richard Armstrong, is well worth seeing. Even if it does not seem likely that the work will ever take a high place in the canon, the usual Verdian virtues of sincerity, directness, concision and fire are present in large measure. Just why the sum of those virtues should not make greater impact is not a simple question. The libretto by Andrea Maffei has a certain distinction without solving the problem of reducing Schiller's unruly play *Die Räuber* to operatic proportions. Tune after tune pours forth, there are striking orchestral passages of forceful brevity, yet by Verdi's standards no single number is really outstanding.

Drama and music somehow fail to mesh. The score offers excitement in plenty, yet the characters scarcely engage our sympathies. Karl Moor, the dispossessed heir turned guerilla, is potentially yet not actually fascinating — though a tenor who was also a great singing-actor might make him seem so. His envious brother Franz (Mr. Oliver wisely returns to Schiller for the characters' names) is on the whole more remarkable for the way he foreshadows Iago than for his *own* sake. In Cardiff, Kenneth Collins as Karl and Terence Sharpe as *Franz* make passable brothers, alike enough to make one wonder how a father as gentle and distinguished-looking as Richard Van Allan's Count Maximilian could sire such a pair of tough, bullet-headed nuisances.

Mr. Collins is establishing himself as a Verdian tenor of excellent quality. The voice rings brightly and he has the wit to carry off such things as the short but striking accompanied recitative into which Verdi crams his equivalent of Schiller's suicide monologue. Now Mr. Collins must explore more deeply the possibilities of soft singing. Mr. Sharpe sometimes covered his tone too much, but his line was secure. He sang strongly in Franz's final scene, a musical statement so satisfying that one hardly notices that librettist and composer thereafter leave Franz's fate in the air.

Suzanne Murphy, a young Irish soprano, sang Amalia, the suffering cousin pledged to Karl but pestered in his absence by Franz. She has a voice of considerable promise, dark in timbre, serious in effort, embellishments well in character (but without much sign of the trill for which the Swedish Nightingale was famed). Miss Murphy should beware of attacking notes *from below* and of too lazily defining her intervals. Richard Van Allan was in ample voice as father Moor: his period of indistinct words appears to be over. Pastor Moser, short but important second bass role, was soundly taken by a young beanpole called Geoffrey Moses. His scene with Franz, though limply produced, nevertheless kindled from the singing.

The chorus, mainly male and mainly brigands in the band of which Karl becomes sworn leader, is given a musically ambiguous role with snatches of singing (much of it off-stage) in that vein of Verdi's that is always theatrically effective but serves equally well for Mantuan courtiers or Parisian party guests. The Welsh chorus made the most of these passages and of more extended scenes such as the end of Act 3. They were a mild-looking lot of rascals. Mr. Hope had apparently not done much to help, but the responsibility is ultimately Verdi's for being more interested in the principals—*I masnadieri* isn't a chorus opera and the title is misleading.

There were moments during the evening when soloists and chorus temporarily lost the beat. Does the Friedrich-style, raked, false stage make the conductor harder to see? In the pit, the Welsh Philharmonia of course had no such difficulty, responding to Mr. Armstrong's invigorating beat with clean attack and, even more important, the true Verdian full-throatedness. Mr. Oliver's translation has the merit of *sounding both literate and* colloquial, but some of it needs re-working. The diphthong in "bear" ("makes my exile too hard to bear") is ugly when sung on a long-sustained note, which in the original falls on the second syllable of "crudel." "God" as an expletive in costume opera soon becomes flippant.

Arts news in brief

An exhibition dealing in a dramatic way with the development of written communication "from quill-pen to computer" has opened at Hatfield House, Hertfordshire.

It is called *Goodly Pryntynge*, and is being staged within an Elizabethan garden set. Among other items there will be a number of rare old books, including a copy of the Wicked Bible, published in 1631 by Robert Barker, in which the word "not" was left out of the Seventh Commandment.

The exhibition will run until October 11, from 11 a.m. to 5 p.m. on weekdays, 1 p.m. to 5.30 p.m. on Sundays, closed on Good Friday and all Mondays except Bank Holidays.

★

The Royal Philharmonic Orchestra, with Brian Wright conducting, will perform Verdi's *Requiem* on Sunday April 3, at 3.30 pm in the first of two major Silver Jubilee concerts being held in Alexandra Palace's Great Hall.

The BBC Choral Society and Goldsmiths Choral Union will provide the 300 singers. Teresa Cahill, soprano, Anne Collins, contralto, John Mitchinson, tenor, and Gwynne Howell, bass, are the *soloists*.

Tickets are available at £2, £1.50, £1 bookable in advance and 75p on the day.

★

The Royal Shakespeare Company's production of John O'Keeffe's *Wild Oats* transfers to the Piccadilly Theatre on April 13. It is being presented [illegible] Eddie Kulukundis. Alan Howard will repeat his role as [illegible] Rover.

EUROPEAN NEWS

Bonn commodity earnings plan gains ground in EEC

BY NICHOLAS COLCHESTER

BONN, March 31.

THE WEST Grman Government is encouraged by the degree of aceptance, at the recent EEC summit in Rome, of its scheme to stabilise the export earnings of commodity-producing countries. This is the way of providing financial security to such countries, which Bonn prefers, although it has now conceded that price stabilisation, financed through "a common fund," may also be workable for appropriate commodities.

The German system has now been taken up by the Brussels Commission, which will urge its adoption as part of the joint European stance at the North-South dialogue in Paris. The scheme envisages compensatory credit for a developing country whose combined dollar earnings, from the export of any of a list of about 25 commodities, fall below a base level. About $5bn. would be required to finance the system, according to Bonn's calculations, and this would be lent out, as required, by an existing international agency, probably the World Bank.

The final list of commodities involved has yet to be fixed. The German list consists chiefly of agricultural commodities, but includes zinc, lead, copper, iron ore, bauxite, manganese and tungsten. Any country would have a base level of earnings from this list established by the agency and would then become eligible for compensating credit, if its earnings from all these commodities fell by more than a certain percentage—say, 5 per cent.—below the base value. This threshold percentage, and the terms on which the credit is extended, would be linked to the wealth of the land in question.

Key features of the German model are: no interference with the market price mechanism; and, in contrast to the Lomé system, no guarantee of earnings from each single commodity, but rather a guarantee of earnings from all commodity exports within the list. Bonn also thinks that the system preserves incentive for change—say, towards the export of manufactured goods—because the credits will be repayable to the agency. The system is, moreover, compatible with any price-fixing agreements for individual commodities that may be worked out.

The estimated capital cost of $5bn. is based on a British calculation, submitted to the OECD, which showed that the loss of revenue suffered by developing countries in 25 major commodities had been $4.7bn. between 1963 and 1972. The volume of commodity business has increased since then, but it is thought that the effect of this growth on the expense of the system would be offset by the savings implicit in the credit thresholds.

The Bonn Government feels that as many countries as possible should participate in the funding of the scheme. The oil-exporting countries are regarded as particularly important contributors, and the Comecon countries as desirable ones. For its own part, the German Government thinks that a mixture of capital market and Government financing would be appropriate, with the Government guaranteeing any capital market borrowing.

Bonn's proposals will be further discussed at the EEC Foreign Ministers' meeting in Luxembourg on April 5, and could then form the basis of a common EEC position in the Paris dialogue. So far as the UNCTAD conference, now coming to an end in Geneva, is concerned this scheme is probably of less importance than the fact that Germany is now ready to go along with the words "common fund" for price-fixing, without defining too precisely what it thinks these words mean.

Commodity fund, Page 31

Spain clash on legality of parties deepens

By Roger Matthews

MADRID, March 31.

THE CONSTITUTIONAL clash between the Spanish government and judiciary over the legislation of the Communist Party deepened further to-day. It is now understood that the Supreme Court has refused to reach any decision on the Communist Party's application, and will return the issue to the Government.

With little more than two months to go before the country's first general elections for more than 40 years, this poses another grave problem for Sr. Adolfo Suarez, the Prime Minister, who is at the same time manoeuvring to put together a coalition that will see him through to victory in the polls.

Following the unprecedented decision by Supreme Court judges to refuse the Government's relatively liberal nominee for the vacant Presidency of Court Four—the court which has to rule on political parties' applications—the role of the judiciary has been thrown into the political arena.

Court Four met again to-day to decide on applications from a number of parties to the left of the Communists, and is expected to adopt the same procedure of ruling that the cases are outside its competence.

When the Government hit on the formula of referring to the Supreme Court any party application which it considered might violate the articles of the penal code, cabinet members were confident that they would thereby escape the inevitable backlash that would come from opposed political factions.

An editorial in the conservative Catholic daily Ya warned to-day that it would be suicidal to close one's eyes to the gravity of refusing legalisation to the Communists. It said that the Government's initial error of passing the question to the Supreme Court had been compounded by the court's failure to announce at the outset that the matter was outside its competence. "Communism is here," says the editorial. "It cannot be ignored and to push it back into illegality would be catastrophic."

Sr. Suarez, who is depicted on the cover of Spain's best-selling news magazine this week in the garb of Napoleon, is meanwhile fighting against time to decide how best to present his candidacy for the election. He had a working dinner last night with Sr. Pio Cabanillas, president of the Popular Party which is the moving force of a centre-right coalition.

Demirel may face fraud probe

A Parliamentary committee ruled in Ankara yesterday that an investigation be opened into Turkish Prime Minister Suleyman Demirel on charges of attempting to cover up the alleged embezzlement of the Turkish Treasury by his nephew, writes Metin Munir.

Mr. Yahya Demirel is on trial for allegedly receiving the equivalent of $1.5m. from the Treasury on false pretences. It is charged that he exported chipboards which he registered as furniture and claimed and received money from the Treasury in export rebate. He has pleaded not guilty.

Two of his coalition allies voted against the Prime Minister together with Mr. Bulent Ecevit's main opposition Republican People's Party—the newest sign that coalition is completely shattered.

The committee also ordered an inquiry into Trade Minister Halil Basol and Finance Minister Yilmaz Ergenekon, both members of Mr. Demirel's pro-private enterprise Justice Party, on similar charges.

A joint session of the Senate and the National Assembly must uphold the committee's decision before an investigation can be opened.

Greek-Cypriot offer

Greek - Cypriot negotiators yesterday offered the Turkish community in Cyprus a separate region in a federal state, but on a scale considerably smaller than the Turks now hold, Reuter reports from Vienna. Turkish officials at the resumed Cyprus communal talks in Vienna cabled details to Nicosia, the divided capital of Cyprus but they withheld comment on the plan.

Dutch forecast

The Dutch Central Planning Bureau estimates that unemployment will remain steady at 210,000-215,000 this year against 246,000 in 1976, writes Michael van Os in Amsterdam. It expects prices to rise by 6.5 per cent., better than last year considering the strong position of the guilder. Imports are forecast to increase by 6 per cent.

Italy believes IMF will back economic package

BY DOMINICK J. COYLE

ROME, March 31.

WHILE THERE has been no formal confirmation from Washington, the Italian Government now assumes that the economic programme agreed last night with the country's major trade union confederations is substantial enough to release the long-delayed $530m. loan from the International Monetary Fund (IMF). However, it is not excluded that some additional, if relatively minor, changes may be necessary to Italy's Letter of Intent.

The programme's revised provisions affecting Italy's inflationary system of wage indexation differ from those agreed with a visiting mission from the IMF headed by Mr. Alan Whittome. The Fund, however, has been advised directly of these changes, and according to official sources here "no outright opposition has been forthcoming."

The changes agreed to with the unions on threshold payments have been incorporated in amendments to the Government's original law giving effect to the anti-inflation package, and Parliament as a whole is expected to approve formally the total programme before the constitutional deadline of April 8. If that deadline is not met, the whole package of legislation will lapse.

The final agreement represents a victory of sorts for the minority Christian Democrat Government of Sig Giulio Andreotti, since his administration would almost certainly have been defeated in Parliament if a compromise solution had not been reached with the unions. The Government, however, has had to drop important and controversial proposals to isolate from the cost of living basis on which quarterly threshold payments are calculated, the price effect of recent increases in indirect taxation.

Instead, the unions have accepted some modifications to the weighting of three items in the cost of living "basket"—newspapers, urban transport and electricity traiffs. This, according to the unions, will have the effect of reducing the cost of living index in the current year by roughly 1½ points, the equivalent to a "saving" of roughly Lira 3,600, or about £2.50 a month, in threshold payments to practically all Italian workers.

The increased direct taxation was intended by the Government to cover the cost to the central Treasury of meeting part of the social security charges now borne by employers, in effect a direct subsidy to Italy's escalating labour costs. The unions have accepted this principle of subsidy, but they rejected outright a proposal supported by the IMF to "sterilise" the price effects of the VAT increases from the system of wage indexation.

The Andreotti Government has already agreed with the IMF ceilings for domestic credit expansion and for the Treasury and overall public sector deficit this year. The possibility is not excluded that the Fund may now wish to secure some further concessions in these areas

W. Germany to build airliners

BY ADRIAN DICKS

BONN, March 31.

THE WEST German Government has agreed to "ensure the continuity" of the country's two main civil aviation projects by authorising the release of federal funds for construction of the next batches of each airliner. The aircraft are the European Airbus A-300, in which the German partner is Messerschmidt-Boelkow-Blohm, and the VFW 614 short-range airliner.

At the same time, Bonn has announced its readiness to help overcome some of the two companies' difficulties in selling their aircraft, by providing concessionary export finance and adjustments for currency fluctuation. No figure has been set on either of these moves.

Luxembourg N-plant delay

LUXEMBOURG, March 31.

THE WEST GERMAN court ruling that additional protection was needed for the Wyhl nuclear reactor will delay and may even kill the only Luxembourg nuclear power plant. The Luxembourg Government had said it will adopt the same protection measures as the West Germans.

Following the Freiburg court decision, Luxembourg Government sources said the nuclear reactor project at Remerschen—at the three-border junction between Luxembourg, West Germany and France—would be delayed from six months to two years, or may even be abandoned altogether. Official sources said an alternative solution was being studied, using Saarland coal.

Little style in Barre's 'non-political' team

BY DAVID CURRY

PARIS, March 31.

"A GOVERNMENT picked for no other reason than the ability of its members to do their job," said President Giscard d'Estaing, announcing to the country his decision to commission M. Raymond Barre to put together a second Government from which party politicians would be excluded.

"No political consideration determined the formation of the Government," responded M. Barre loyally, announcing his new team, and adding in response to the perplexity around him: "It's not by introducing a series of new faces which have got nothing to do with the efficient conduct of Government that one can satisfy French needs and do a useful job for the country."

The perplexity of his audience was understandable. After the President's speech promising a team of men of action ready to do battle with the Left, commentators had prepared themselves to introduce a team of talented technocrats — administrators in the para-political world of the senior civil service and ministerial Cabinets, trailing diplomas from the Ecole Nationale d'Administration, the Ecole Normale, the polytechnique —all following the golden road of patronage to power.

What they got was a team in which eight portfolios remained unaltered, three ministers switched portfolios, and only two new men came into the Cabinet—both of them party politicians. M. Alain Peyrefitte, who between 1962 and 1974 held seven ministerial portfolios before concentrating on authorship and winning his immortality by election to the Academie Française, is a Gaullist clearly out of sympathy with Jacques Chirac. Rene Monory, a centrist leader who had made himself a modest reputation for his work on the budget committee of the senate, was the only man winning his first Cabinet post.

Inevitably, the main interest was in the dismissal of the Troika of party chieftains Messrs. Poniatowski (Interior), Lecanuet (Planning) and Guichard (Justice) and the abandonment of the idea of giving the leaders of the main elements in the ruling coalition a special status as a sort of cabinet directorate.

For a team which has just 11 months to rescue the electoral fortunes of Gaullism, its heirs and aberrants the team looks notably short on style. Described by M. Barre as "government of combat," in truth it is difficult to see anyone other than the Prime Minister himself and perhaps M. Peyrefitte holding his own in a televised debate against Francois Mitterrand, the Socialist leader, or Georges Marchais, his Communist counterpart.

Clearly, M. Barre will dominate his cabinet. His economic recovery programme is its raison d'etre, coupled with whatever programme of economic and social reform M. Giscard d'Estaing requires of it. This programme, which the President relies on to persuade the voters in the middle of the political spectrum to rally to a liberal administration rather than slip over to the left, has now to be worked out.

But who is going to wage the highly political battle for the general election? The Government may hope that the economy can come sufficiently right soon enough to win the election for it. M. Barre is very good on the stump. But it is difficult to see how he can be Prime Minister, Finance Minister, and sort of government sheriff all at the same time even if the President himself comes down into the political arena to join the shooting match. But if Giscard did that it would be at odds with his known preferences, his recent purge of party politicians, and may reduce his own chances of being able to reach an accommodation if the Socialist-Communist alliance is able to form a government after the next general election.

M. Jacques Chirac has promised circumspect support to the new Barre Government, but the Gaullists as a whole seem convinced that the new ministerial team does not look capable of winning next year's general election. M. Chirac cautioned the administration against talking too much about reform and performing too little. A 12-month crash programme was unconvincing, he declared, and the Gaullists would put together their own longer-term programme reflecting their own commitment to reform.

The idea of the non-political Government is, of course, Gaullist, but how technocratic is the new Government? Leaving aside M. Barre there are five "classic" technocrats.

M. Barre himself, a university professor, author of the standard French economic textbook, served as Commissioner in Brussels and a brief apprenticeship as Trade Minister before being parachuted into the Premiership with orders to get the economy right.

The other members of the Cabinet have party labels, but their party roles are unobtrusive and they are not identified with the recent infighting. Of the 15-man cabinet six, including M. Barre, have never stood for political office.

M. Barre is certainly a dominant figure in all this — it would be to misread the constitution to assume that he was in the ultimate driving-seat rather than the President. In their time M. Pompidou under General de Gaulle and M. Chaban-Delmas under President Pompidou were also forceful leaders and ultimately grew too independent in their political views to survive.

M. Barre is identified with "the plan" and with nothing else. He has no public views outside his economic competence and was manifestly ill at ease with the political bickering which disfigured his previous government.

Under de Gaulle and Pompidou Gaullism suffered the occasional shock from civil disturbance but was always safe from electoral defeat by a divided left. General de Gaulle could afford to scorn the parties.

To-day a divided Majority faces a more or less united Left. The President has decreed that he will not tolerate a government of parties. The risk he takes, by omission, is to make M. Jacques Chirac who resigned as Prime Minister and won the mayoralty of Paris, the champion of the Right.

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PRIVATE INDUSTRY IN PORTUGAL

Warning on low level of investment

BY OUR OWN CORRESPONDENT

LISBON, March 31.

THE LEVEL of investment in Portugal's private industrial sector stands at one-fifth of the levels attained in 1973-74 and in some sectors — notably transport, materials, clothing and shoes, machines and electrical material — there is apparently no intention whatever to invest, according to a report by the Confederation of Portuguese Industry (CIP).

"The state of private industry remains very grave. There are no prospects for marked improvement. Indeed, there are signs of a prolonged slumber. If this continues for any length of time it will lead to a breakdown of unforeseeable consequences," the report adds.

"After the traumas suffered by private enterprise, the ineffectiveness and impotence of the governing powers have been such that there is no chance of reversing retrogressive, discouraging trends in the business world."

Among the causes of the gloomy climate in the private sector, the report, based on a survey taken in late 1976 among Confederation members, cites failure to define clear, unequivocal rules for the private sector of the economy, omission of measures aimed at relaunching the private sector, persistent worsening of the balance of payments deficit (£530m. at the end of 1976), ruinous inflation, diminishing buying power, the high cost of bank financing and difficulties in getting credit, and fears of a cut-off of imported material.

The CIP report makes it clear that, generally, private industry is wrestling with grave problems in obtaining raw materials, high production costs and shortage of ready cash. Exceptions are the chemical industry, which is on the mend, and the wire and metal products sector. The other sectors, says the report, show signs of stagnation. Moreover, despite reports to the contrary, the building industry has not improved, and building companies suffer growing difficulties.

The Confederation, which represents some 36,000 private companies (many of tiny dimensions), shows no enthusiasm for the Government's recent package of austerity measures and measures aimed at stimulating export production (including 15 per cent. devaluation of the escudo, tax concessions for exporters, promises of easier credit). The measures, say the CIP, appear incompatible with development or investment programmes and seem unlikely to close the gap between production and consumption. (Current assessments indicate that the Portuguese consume 51 per cent. more than they produce, with subsequent overreliance on imported food, consumer and durable goods).

The Government is attempting to cut down consumption by placing heavy surcharges on imported luxuries and non-essentials, and increases in sales tax (now 50 per cent. for luxuries and 30 per cent. for non-essentials). Furthermore, by the Government's own admission, buying power has dropped—the rise in the cost of living, running at between 15 and 20 per cent. a month in 1976, has swallowed up wage increases (held to 15 per cent. for 1977) and incurred a drop in real wages.

No place for exiles

BY DIANA SMITH IN LISBON

IN THE VALLEY of the Jasmine, only a few miles from the centre of Lisbon, stands a drab refugee camp. The ground is a squelching slimy mass of mud after five months of rain. Inside the tents it is gloomy and cold.

Residents of the camp—refugees from Portugal's former colonies of Angola, Mozambique and Timor—scuttle through the driving rain, shoulders hunched, shivering in cast-off clothes supplied by the Red Cross. They have been there for months in some cases, nearly two years in others.

To-day 400 refugees, many of them women and children, were on hunger strike.

Packing the reception area of a motel on the outskirts of Lisbon, the refugees announced that they would not eat unless the minority Socialist Government allowed them to remain at the motel past to-day's deadline, when all refugees staying in three-star accommodation in the Lisbon area must leave these lodgings. The Government ceases paying the bills to-day.

At one hotel, however, a management spokesman said the refugees would be allowed to stay on for at least a few days while the Government studies their problem, but most refugees have been leaving without fuss, many well before to-day's deadline.

In all, there are still 60,000 refugees living in three-star hotels and pensions throughout Portugal. Apart from those in the Lisbon area, they must all find alternative accommodation by April 30.

Last year it cost the Portuguese Government £100m. to house the retornados (returning settlers) in hotels, pensions, camps, tourist villages, holiday flats and other accommodation. The Government intends to spend only half that amount this year. It is building about 7,000 prefabricated homes to house about 32,000 refugees; others are being urged to use their initiative and find their own lodgings.

There are 500,000 refugees registered — and an unknown number still to be tracked down. The majority live in a state of suspension, waiting for a job, a home, or solution to their growing social problems.

Last year it cost the Portuguese Government £100m. to house the returning settlers in hotels, pensions, camps, tourist villages, holiday flats and other accommodation. The Government intends to spend only half that this year.

An enterprising minority has availed itself of the Government's special £75m. credit scheme to encourage former settlers to set themselves up in business. Some have taken up fruit farming, the soft drinks business, pig farming, lumber mills, cellulose factories, or car repairs—what Lt.-Col. Gonçalves Ribeiro, High Commissioner for Refugees, calls "grasping the fishing rod," rather than sitting back and waiting for the Government to hand out the fish.

Generally, however, retornados are having trouble integrating into Portuguese society despite the Government's honourable efforts to attack the problem. Too many are unskilled and have little way to avoid unemployment—already running at 15 per cent (excluding refugees).

The Government's efforts to persuade countries like Brazil, Venezuela and the U.S. to accept thousands of refugees as emigrants have failed.

Potential host countries want skilled workers who will adjust rapidly to their societies, not hordes of bewildered individuals with no qualifications, traumatised by panicky departures from their former homes and nearly two years of homelessness, joblessness and isolation from the Portuguese mainstream.

The activities of a minority of refugees — particularly of their offspring—have become a source of concern to the authorities. Juvenile crime has soared by 85 per cent.—gangs of white and half-caste refugee boys indulge in housebreaking, car thefts and drug peddling; girls barely in their teens have turned into streetwalkers plying their trade in broad daylight. Lisbon has become an international drug centre, with sales of liamba, the Angolan version of marijuana, providing a rich living for refugees who shun more orthodox forms of revenue. It has also become a trading centre for diamond smugglers buying and selling high quality stones brought out of Angola.

In recent weeks, two figures have presented themselves as champions of the refugees. One, the ambitious Gen. Carlos Galvão de Melo of the Air Force Reserve, seems destined to head a new, extreme right-wing refugee party, dedicated to the elimination of Communism in Portugal and, should the opportunity present itself, a military operation to reconquer Angola from the Moscow-backed MPLA.

The other, the new pretender to the Portuguese throne, Dom Duarte Pio, a more active claimant than his recluse father who died in December 1976, has attracted the support of dispossessed retornados. At a reading of his message to the Portuguese people this week, indicating his willingness to become king should the people call on him, the audience was largely made up of organisers of refugee political movements, and well-known dissidents of the Mozambican Frelimo, who have now veered sharply to the political Right.

In all areas, the embittered refugees are a problem.

Army charges Carvalho with unethical conduct

LISBON, March 31.

MAJOR OTELO Saraiva de Carvalho, operational leader of the 1974 coup ending Portugal's right-wing dictatorship, was to-day formally charged by the army with incompetence and unethical conduct, his lawyer said.

Major Carvalho, former Lisbon Military Commander and runner-up to General Antonio Ramalho Eanes in last year's presidential election, is one of 32 left-wing officers who have appeared before the army's Higher Disciplinary Council to be notified of similar charges.

Unconfirmed reports in the left-wing newspaper Diario Popular said nine air force officers and a sergeant also faced suspension pending a hearing.

The charges against the left-wing army officers concern alleged irregularities in the stormy period between the April 1974 military coup, which ended half a century of right-wing dictatorship, and an abortive left-wing rebellion in November, 1975.

Dr. Manuel Salema, Major Carvalho's lawyer, said the officers had 10 days to answer the charges. The disciplinary council would then decide whether to expel them from the army.

Reuter

AMERICAN NEWS

Carter still confident of progress in SALT talks

BY DAVID BELL

WASHINGTON, March 31.

PRESIDENT Carter was publicly confident last night that progress is still very possible in the arms control negotiations with the Soviet Union, despite yesterday's rejection of both the main American proposals in Moscow.

But it is clear that, even though the two sides agreed to set up a number of joint groups to study a range of very sensitive issues, the rejection of the SALT proposals came as something of a jolt in the White House, which had not expected so brief a Russian response to its negotiating position.

In Congress to-day there was remarkably unanimous backing for the Carter position. Sen. Hubert Humphrey, noting that human rights had had little to do with the Russian attitude, said the talks had "broken down on the weapons numbers issues. If the Russians want an agreement they'll come round."

Until Mr. Vance returns here with his assessment of Soviet thinking administration officials are cautious in assessing what the Russians' motives may be. But a preliminary analysis of Russian thinking centres on two possibilities.

The first is that there was a genuine misunderstanding about the status of the Cruise missile. Mr. Carter said last night that this had been the major stumbling block in the way of a quick ratification of the tentative Vladivostock Accord reached between President Ford and Mr. Leonid Brezhnev in 1974. Mr. Vance had been hoping for agreement on this before going to the second, longer-term U.S. proposal.

It is quite possible, according to some sources here, that Dr. Kissinger may have given the impression during negotiations that the Cruise missile would be included in some form in the overall 2,400 missiles launcher limit tentatively agreed at that time. It is pointed out that two years ago the Cruise was, technologically speaking, in its infancy. Since then, it has developed into a 2,000-mile, highly accurate, low-flying, pilotless missile capable of carrying either nuclear or conventional warheads. It poses formidable problems for arms control negotiators.

At his news conference yesterday, the President said that he had checked with both President Ford and Dr. Kissinger and they had assured him that they had never promised not to deploy the Cruise. "Our position is that we have never agreed to any such thing," Mr. Carter said.

However, he went on, Mr. Vance did propose a quick ratification of the Vladivostock Accord and then the immediate consideration of the Cruise, along with the Soviet Backfire and a number of other matters. Mr. Carter revealed what they were in characteristic detail, noting that they represent a "radical" approach.

The President said that among the U.S. proposals were "substantial reductions" in the number of missile launchers and MIRV missiles, reductions that would go well beyond what was agreed at Vladivostock.

He said that the Administration had also proposed to stop the development and deployment of any new weapons systems and to freeze the present level at about 550 intercontinental ballistic missiles. This would involve both the U.S. Minuteman missile and the Russian SS 17, SS 18 and SS 19. He added that the United States had also offered to ban the deployment of all mobile missiles which would include the Soviet SS 16 and the American M-X now under development.

At the same time, there would be a strict limit on the deployment of the Russian Backfire bomber and an equally strict restriction on the range and number of test firings of the Cruise missile. This

The U.S. had also asked the Soviet Union to "give us some assured mechanism by which we could distinguish between their intercontinental mobile missile, the SS 16, and their limited range mobile missile the SS 20."

It is all this detail which gives rise to speculation about the second reason for the rejection of the U.S. proposals. Mr. Carter summed it up last night by saying: "My guess is that the cut-back proposal is so substantive and such a radical departure in putting strict limits and a reduction of existing missiles and a prohibition against the deployment of new missiles in the future that the Soviets simply need more time to consider it."

Loopholes 'abet Arab boycott'

BY DAVID BELL

WASHINGTON, March 31.

SEN. WILLIAM PROXMIRE, chairman of the Senate Banking Committee, last night said members of the committee, and by implication the Carter Administration, are seriously weakening proposed new anti-boycott legislation.

He made the accusation during another day of hearings into the proposed boycott Bill—one of three now before Congress. The hearings have aroused confusion and a growing suspicion that the Carter Administration is working hard to soften some of the provisions of the Bill lest they damage its diplomatic manoeuvres in the *Middle East*.

Sen. Proxmire told members of the committee: "We seem to be weakening the Bill right down the line, step after step, to make it easier to comply with the Arab boycott." Amendments to the Bill, one of which has already been accepted, leave it with "two big loopholes that permit compliance" with the Arab boycott, he added.

The first of these amendments is the proposal, fully backed by the Administration, to exempt foreign subsidiaries of U.S. companies from the provisions of the boycott unless it can be established that they have conspired with their parent company in the U.S. to evade the anti-boycott law. Establishing such a conspiracy would not be easy, he said.

The second loophole involves the principle of "unilateral selection" which the committee approved earlier this week after hours of heated debate. This means that an American company may comply with an instruction from an Arab nation to purchase a particular type of product or fulfil a certain kind of contract.

The Bill qualifies this by making it illegal for an American company to ask an Arab nation to specify products in this way or to suggest to the boycotting country that it would comply if asked to do so. However, it would be extremely difficult ever to prove that such requests were made in a court of law.

Sen. Proxmire said the net effect of both these provisions was "to permit U.S. companies to discriminate against blacklisted firms."

Argentina might buy Soviet weapons

By Hugh O'Shaughnessy

THE Argentine military junta is considering buying Soviet arms in the wake of its recent row with the U.S., according to reports circulating in Buenos Aires and quoted by Inter Press.

Generals Luciano Jaúregui and Oscar Caliodo were absent from the political discussions held by senior officers of the army in Buenos Aires last month because, according to military and diplomatic reports, they were visiting the USSR and Eastern Europe.

The visit was connected with posible purchases by Argentina of arms and transport equipment. Hitherto the Argentine army has relied heavily on the U.S. and France for the arms it needs to import.

Last month in an interview Admiral César Guzzetti, the Argentine foreign minister, discounted suggestions that Argentina would turn to the Soviet Union following its decision to refuse U.S. military aid. President Carter had reduced the military aid. President Carter had reduced the military aid to Argentina from $47m. to $15m. as a response to the junta's widespread violations of human rights.

Admiral Guzzetti, while discouraging speculation, did not close the door entirely to the possibility of purchases from the Soviet Union.

Last month General Jorge Rafael Videla, the Argentine President, paid a visit to Peru where he would have had the opportunity of discussing with the Peruvian military junta its experience with Soviet equipment. The Peruvian army is equipped with some 200 T-55 Soviet tanks and the air force has been buying Sukhoi multi-purpose combat aircraft.

ON BUDGET EVE

Canadian $ fall continues

BY JAMES SCOTT

TORONTO, March 31.

DOWNWARD PRESSURE on the Canadian dollar has been building up during the past few days because of nervousness over what measures the federal budget, to be delivered by Finance Minister Donald Macdonald to-night, may contain.

The dollar now is below the equivalent of 85 cents U.S., the lowest it has been in years.

It has fallen from $U.S.1.03 since last November, just before the election of the separatist Parti Quebecois Government in Quebec.

Assurances by Mr. Macdonald yesterday that the Government had no intention of establishing a fixed parity for the floating dollar, the second time he has said so in the *past* couple of weeks, have failed to stem the slide.

There have been suggestions, both before and after the date of the budget was announced, that it would be mildly stimulatory, which would be inflationary and which in turn could mean a low Canadian dollar.

From remarks made by Bank of Canada Governor Gerald Bouey in the Bank's annual report, issued last week, that inflation is still the number one problem in Canada, it could be concluded that a stimulative budget is out of the question. Countering this statement, however, were Prime Minister Pierre Trudeau's remarks to a Liberal Party conference last week that his Government would not intervene to stop the dollar from falling even if it went as low as $US0.90.

This is a figure that has been mentioned by many money market traders as a possibility before this year ends. If the dollar was pegged there is no doubt that it would be at a level much below where it now stands.

There is also some concern that the Government might impose foreign exchange controls to stop the flight of Canadian dollars to the U.S.

Canadian subsidiaries of U.S. companies have been transmitting funds to their parents in larger amounts in the past few months because of the lagging economy in Canada. In addition, a number of the largest Canadian property development companies have been abandoning Canada in recent months to concentrate on purchases of real estate in the U.S.

Oil export charges rise

By Victor Mackie

OTTAWA, March 31.

THE CANADIAN Government is increasing the export charge on petrol sold to the U.S. by $1 a barrel to $4.25 a barrel, effective to-morrow.

The National Energy Board has also announced a similar increase in the charge on exports of heating oil and other middle distillates of $1.25 a barrel, while heavy fuel oil exports will go up 10 cents to $4.25 a barrel. The charge on partly processed oils will go up 35 cents to $4.75 a barrel.

The increases generally reflect changes in the value of the Canadian dollar. In the case of the larger increases, some of the additional charge reflects rises in crude oil prices.

Mexico postpones steel plan

BY ALAN RIDING

MEXICO CITY, March 31.

MEXICO'S economic crisis has forced the Government to postpone a $3bn. expansion programme for the plant of the state steel complex, Sicartsa, at Las Truchas.

Steel industry sources said the second stage of the project, due to raise Sicartsa's annual capacity from 1.2m. to 3.65m. tonnes by 1982, had been scheduled to begin this year but now might not start until 1979.

The British Steel Corporation acted as consultants for the first stage and last May signed a ... Monetary Fund is demanding a slow-down in the Government's rate of foreign borrowing.

Because Sicartsa was a pet project of former President Luis Echeverria, who left office last December, there has also been politically-motivated criticism of the cost and viability of the $1bn. first stage.

In recent weeks it has been claimed that stage one was unnecessarily expensive and that the company seriously overestimated the extent of the iron ore reserves near the Las Truchas began early this year and is expected to total about 250,000 tonnes this year, rising tonnes instead of 130m. tonnes within a 24 mile radius.

However, Mexico is not known to be rich in iron ore—its total proven reserves are about 441m. tonnes—and, while the information was kept from the public, Sicartsa's engineers always anticipated having to import iron ore if the plant ever reached its planned capacity of 10m. tonnes per year.

Steel production at Las Truchas began early this year and is expected to total about 250,000 tonnes this year, rising

OVERSEAS NEWS

Japanese mission for U.S. talks on N-fuel

By Our Own Correspondent

TOKYO, March 31.

HIGH JAPANESE officials will fly to Washington on Saturday for talks on the Carter Administration's view of nuclear fuel reprocessing facilities, a Foreign Ministry spokesman announced to-day.

This mission composed of officials from the Ministry for International Trade and Industry, *the Ministry of Science and* Technology, and the Foreign Ministry — will apparently attempt to influence the contents of a forthcoming U.S. policy statement on the subject, *tentatively scheduled for April 20.*

Japan wants to develop its own plutonium reprocessing facility, but has run into objections from the U.S., which supplies enriched *uranium to Japan's nuclear in*dustry. A pilot project is nearing completion at Tokai Mura, but the U.S. may refuse to agree to shipments of spent nuclear fuel from existing power plants to be used in the experimental reprocessing facility.

In Washington, ten days ago, Prime Minister Takeo Fukuda tried but failed to get President Jimmy Carter's pledge that the project will proceed on schedule after the plant is completed in mid-summer.

Japan has proceeded full speed ahead on its reprocessing project since it signed the nuclear non-proliferation treaty last May.

Yesterday, in reply to a question in Parliament, Foreign Minister Mr. Iichiro Hatoyama indicated that the Government is worried that U.S. policy may *impede the peaceful* use of nuclear energy in Japan and agreed that, if so, it might be considered a breach of Article 4 of the non-proliferation treaty, which specifies that no country *will hamper the peaceful deve*lopment of nuclear power.

Ministry spokesman denied to-day that Mr. Hatoyama's remarks are a statement of new Government "policy," but confirmed that *in his* talks with President Carter, the Japanese Prime Minister stressed that Japan had ratified the treaty last year "with the clear understanding that its peaceful development of nuclear power would not be disturbed by other signatories."

ON OTHER PAGES

Fukuda envoy for Moscow fish limits talks

BY OUR OWN CORRESPONDENT

TOKYO, March 31.

MR. TAKEO FUKUDA, the Japanese Price Minister, is sending his chief Cabinet secretary Mr. Sunao Sonoda, as a special envoy to Moscow in an attempt to break the deadlocked fishing talks between the two countries. The talks broke off earlier this week despite an earlier agreement to finalise an interim arrangement on Japanese access to the Soviet 200-mile fishing zone by to-day.

Japanese Foreign Ministry sources say there are at least three key issues to resolve before specific catch quotas in Soviet waters can be agreed. The three include:

1. The Northern Islands. The Soviet Union is reportedly asking Japan to recognise the 200-mile economic zone around the Kurile Islands, where Japan last year caught 350,000 tons of fish. The islands are held by the Soviet Union, but claimed by Japan.

2. Russian Fishermen. Moscow insists that if Japanese trawlermen are allowed continued access to its 200-mile waters, Russian fishermen cannot be excluded from their traditional fishing grounds off *Japan's* coast. Tokyo however, is about to extend its territorial waters from 3 to 12 nautical miles, and has said it will not let foreign fishermen continue their catches in the new waters. But *observers here* believe Japan would have to exempt Russian fishermen from the 12-mile limits as long as Russia continues to maintain its *3-mile territorial* waters.

3. Jurisdiction. Moscow wants the same rights to try Japanese fishermen in Soviet courts for illegal fishing in its 200-mile waters that the *U.S.* has included in its permanent agreement with the Japanese. Sources here say Mr. Sonoda's main task will be to get Moscow to agree to vague wording until a permanent agreement is ratified.

Groaning, but not facing ruin

BY DOUGLAS RAMSAY, RECENTLY IN KUSHIRO, HOKKAIDO

NUMBER 11 "Yashio Maru" eased up to its berth alongside the Kushiro waterfront recently, back from a fortnight's fishing in waters 50 miles off Russia's Kamchatka Peninsula with a full load of Alaska pollack. When asked what will happen if the Soviet Union excludes Japanese fishermen from its 200-mile exclusive fishing zone declared on March 1, its skipper responds, almost mechanically, "we will be ruined."

In February, Japan's Fisheries Minister, Mr. Zenko Suzuki, and his Russian counterpart, Mr. Alexander Ishkov, agreed to negotiate an interim arrangement for Japan's fishermen in Russia's 200-mile water by March 31.

On Thursday, Tokyo announced that it would send Mr. Sunao Sonoda, chief Cabinet Secretary to Prime Minister Takeo Fukuda, to Moscow in an effort to break the deadlock in the talks.

The Soviet Union, meanwhile, has agreed to extend the talks but has refused to *guarantee* the safety of Japanese fishing vessels in Russian waters after April 1. As a result, the Japan Fishery Agency has ordered all vessels operating in the 200-mile waters *to leave them by Thursday* midnight.

Already, herring and salmon fishermen have been banned from Soviet waters since before the talks began, and it is virtu*ally certain that the ban* will continue under any future arrangement. What would really damage the Japanese fishing industry, however, would be a wholesale reduction in Japan's catch of Alaska pollack—and it is just such a reduction that Moscow is threatening if Tokyo does not give satisfaction on some delicate political questions.

Last year 976,000 tons of the 1.4m. Japan fished in Russian waters, were accounted for by Alaskan pollack, which also constituted a not insignificant portion of the country's entire fish catch of 1.39m. tons. Moscow is insisting on a big reduction in the Alaska pollack catch, but a Foreign Ministry source said this week that no detailed figures had yet been discussed, in the absence of agreement on political issues.

The Russians might take their cue from Washington which has just set a 1,190,960-ton quota for Japanese fishermen in U.S. 200-mile waters this year, an 11 per cent. reduction but with a more severe 16 per cent. reduction (to 836,400 tons) in the all-important Alaska pollack catch. Moreover, *Japanese fishing* boats will have to pay fishing fees amounting to an estimated $2bn. for the year.

Moscow's official line *is* to demand "equality" of access, that is, Japanese fishermen should be allowed the same catch in Russian waters as Russian are allowed in Japanese. Tokyo is about to send Parliament a Bill to extend territorial limits from 3 to 12 nautical miles, but Japan still opposes loudly the 200-mile zones. "Equality" would mean cutting Japan's catch by two-thirds or more.

Restricted

Mr. Suzuki, on the other hand, insists the quota should be set on Japan's "traditional" catch, that is, Japan should be allowed *to fish as* much *as it used* to but, if necessary, catches of certain species should be restricted. That's how the U.S. figured, and Japanese officials point out that Moscow is asking for the same *treatment from the* EEC. As a result, Tokyo is watching the Russo-EEC talks keenly: if the EEC (which takes almost no fish in Russian waters) lets Russia have its traditional catch, then Russia may have to give Japan the same. But if the EEC spurns the Soviet request, Moscow will probably do the same to Japan.

About 1,500 Japanese trawlers ply Russia's 200-mile waters around Kamchatka, and perhaps another 3,500 fish within 200 miles of the four islands north-east of Hokkaido occupied by Russia since the war. Kunashiri, Etorofu, Shikotan and Habomai are still disputed, and Messrs Suzuki and Ishkov will have to find some way to skirt the dispute, despite Russia's declaring a *200-mile* zone *around* the islands, and Japan's pending declaration of 12-mile territorial waters around them.

Kushiro, Japan's largest fishing port, and the smaller ports of Hokkaido stand to lose most if Russia drastically cuts Japan's catch. Less than 5 per cent. of Kushiro's landings are caught in U.S. waters, and last year 513,000 tons were caught in Russia's (not *counting* waters off the disputed islands).

About 2,111 of the city's home fishermen fish in the Russian zone, and nearly 4,000 workers in the city's fish processing factories depend to a large extent on landings in Kushiro by Hokkaido fishermen. (Kushiro is ice-free all year round, but the other ports, like Nemuro, on the eastern littoral are not.)

Unlike the trawling industry based on other Japanese islands and mainly exploiting U.S. waters, Hokkaido fishermen are not protected by big industrial groupings. A typical fishing business in Kushiro has two or three boats, employs 60 to 70 fishermen, and is family-owned.

But Japan's fishing industry is probably not threatened by imminent collapse as a result of Soviet restrictions, as much of the Japanese Press, and most of the fishing companies, would have us believe. Pay and profits in the fishing industry are extraordinarily good. Fishing vessel owners told me recently that a skipper stands to earn Y10m. (£20,000) a year. The fishermen are members of the powerful and radical All Japan Seamen's Union, the only real industrial sector union in Japan.

Among four owners of middle-sized fishing companies based in Kushiro, none reported any decline in catches yet, although most of their boats were called home on the eve of the March 1 extension of Russian waters to 200 miles.

The owners agreed a reduction of *between 10* and 20 per cent. —similar to the American one—could be accommodated without causing lay-offs. Most of such a reduction could be made up by fish price increases without jeopardising the companies' profitability or the fishermen's wages.

Mr. Tetsuo Yamaguchi, mayor of *Kushiro*, denies this, saying that a 10 per cent. reduction in catch will result in a 10 per cent. *reduction in employment and pro*cessing output.

Landings

Recent experience, however, would seem to suggest the owners' view is closer to the truth. In the past year prices have risen 70 per cent. But at least until March 1, fish landings were equal to, and possibly above, what they were last year.

Officials in Kushiro say that a rise in consumption is responsible for the increase in prices. Since the fish are auctioned on the *open* market, it is unlikely that fishing companies have arranged to put up the prices themselves, although they stand to gain most from the vastly bigger earnings per ton of fish they have been landing recently. They will certainly try to get further increases when Russia clamps down on fishing access.

All of which leads one to believe that, for all the moaning and groaning, Japan's *fishing* industry will survive anything but a wholesale reduction in its Russian catch.

Banabans wooed by Gilberts

By James Buxton

AN IMPORTANT diplomatic initiative is being staged by the Gilbert Islands as the British Government works out a settlement package to offer to the Banabans — the South Pacific islanders whose original home, Ocean Island, has been largely destroyed by phosphate *mining*.

The Gilberts Government has sent a respected political figure to try to persuade the Banabans not to press for separate independence for Ocean Island, which is part of the Gilberts.

The issue is crucial because the Gilberts (pop: 55,000) depend heavily on the phosphate revenues from Ocean Island, and want their share of the $A30m. (£20m.) that the next two years of phosphate mining—before deposits run out—are expected to produce. The 3,000 Banabans, however, want the full proceeds of the last two years of mining as part of the financial and political settlement which Britain has said it is considering.

Australians awarded pay rise of A$5.7

By Ken Randall

CANBERRA, March 31.

THE AUSTRALIAN work force of more than 6m. people was awarded a wage rise of $A5.70 (£3.6) a week to-day by the Conciliation and Arbitration Commission. The rise represents less than half of what the trade unions had claimed for cost-of-*living increases* in the December quarter of last year.

It nevertheless will add more than $A1.6bn. a year to the national wage bill. For the past two years, Australian wage-fixing has worked *under* a system of quarterly adjustments in line with changes in the consumer price index—adjustments which, until last year, were assumed to mean a full reflection of changes *in the* consumer price index, barring exceptional circumstances.

MALAYSIAN ECONOMIC GROWTH

Rubber leads record year

BY WONG SULONG

KUALA LUMPUR, March 31.

AN UPSURGE in rubber exports following the recovery in international markets last year *led a* strong export growth which boosted Malaysia's trade surplus to a record ringgit 3,721m., Bank Negara said to-day.

Export receipts for 1976 rose 45.5 per cent. *to a* record ringgit 19.4bn. pushing the growth in gross domestic product to 11.3 per cent. from 2.2 per cent. in 1975, the Central Bank said in its annual report. But it predicts *slower expansion in* 1977, with export growth easing to about 12 per cent. and current account surplus declining to around ringgit 135m. from 1,731m. in 1976.

Export receipts from rubber rose by 53 per cent. in 1976 to ringgit 3,117m.; timber receipts rose by more than 110 per cent. *to ringgit 1,175m.;* tin by 25-26 per cent. to ringgit 1,536m.; petroleum by 105 per cent. to ringgit 1.716m.; while copper receipts rose to ringgit 75m. from 11.3m. The only major export to *register a fall in receipts* was palm oil which, following a sharp drop in prices, declined to ringgit 1.154m. from 1.310m.

The marked growth in exports helped push net external *reserves to ringgit 6.250m.*, up 2,320m. from 1975, the bank said.

Meanwhile inflation continued to slow. The consumer price index rose 2.6 per cent. compared with 4.5 per cent. in 1975 and *17 per cent.* in 1974. Growth in 1977, though slower, will be sufficient to support a 9 per cent. rise in gross domestic product and *will be* more evenly *spread* than last year, the bank said. This reflects the Government's desire to consolidate economic gains, ensuring sustained growth while keeping inflation down to present *levels*, and creating a more favourable investment climate.

"The main impetus for growth in 1977 is expected to originate in the domestic sector, led by private investment expansion, *continuing expansion* of consumer spending, and rising Government expenditure," the report said.

"Export price rises are likely to slow, increasing by 3.5 per cent. *for the year against 23 per* cent. in 1976."

U.K. might refuse Amin entry

BY MARTIN DICKSON

THE GOVERNMENT has made clear that it reserves the right to refuse President Idi Amin of Uganda permission to enter Britain, and has not yet decided whether to allow him into the country if he tries to attend the Commonwealth Conference in London in June. Until now, it *had been widely assumed that* President Amin would be free to enter Britain if he so wished.

The clarification came in a letter, made public yesterday, from Mr. Ted Rowlands, Minister of State at the Foreign Office, to Mr. Alick Buchanan-Smith, Conservative MP for Angus North and Mearns, who had written to the Minister *saying* he had received representations from constituents about the pos*sibility* of President Amin visiting Britain.

Mr. Rowlands reiterated that attendance at the Commonwealth Conference was a matter for all members of the Commonwealth to decide, and Dr. David Owen, the Foreign Secretary, was now taking soundings about President Amin's possible attendance.

Mr. Rowlands added: "This will be taken into account nearer the time when the Government will have to decide whether to allow President Amin to enter the country."

President Amin has repeatedly stated that he intends to attend the Commonwealth Conference, although there remains strong doubts that he will feel confident enough of his domestic position to leave Uganda.

The position poses a dilemma for the British Government, which must take into consideration public outrage if President Amin does come to Britain and a possible backlash from black Commonwealth Governments if he is excluded.

Lord Thomson, the former Secretary for Commonwealth Relations, will be sounding out the views of other Governments shortly, when he tours the Commonwealth, as a special emissary of the Prime Minister, to make arrangements for the conference.

Palme to visit Africa

BY MALCOLM RUTHERFORD

MR. OLAF PALME, the former Swedish Prime Minister, will lead a mission of members of the Socialist International to southern Africa early in June.

It is not yet known which countries he will visit or who will be the other members of the team, but Herr Willy Brandt, the former West German Chancellor and current President of the Socialist International, said in London yesterday that the *aim* would *be to meet* representatives of governments and nationalist movements. The mission might make recommendations on how there might be greater contact with European social democracy.

There are plans for a similar mission to visit Latin America later in the year. The Socialist International will also soon have available a report by Dr. Bruno Kreisky, the Austrian Chancellor, on his recent visit to a number of Arab countries. According to Herr Brandt, this should show *ways in which developments in* the Middle East could be favourably influenced.

Kuwait to buy Soviet weapons

The Soviet Union and Kuwait have concluded an arms deal under which Kuwait will receive a small number of SAM-7 shoulder-fired anti-aircraft missiles, writes Anthony McDermott. According to the Kuwaiti daily al-Hadaf yesterday, the deal will be *signed* soon. It follows the visit *last week* of a *Soviet military* delegation whose arrival had been repeatedly postponed. During the past two years, there have been negotiations with Moscow about the supply of such heavy weapons *as* tanks and artillery.

Castro leaves Angola

Cuban President Fidel Castro left Angola yesterday for home, Luanda Radio stated, Reuter reports. *General Castro arrived* in Angola on March 23 after visiting Libya, Somalia, Ethiopia, Tanzania and Mozambique. He was also expected to visit Zambia but cancelled.

Cubans killed—report

An opposition newspapers, quoting "a reliable source," reported here yesterday that Morrocan forces had killed a number of Cuban military advisers operating with Polisario guerillas fighting to win control of the Western Sahara, Reuter reports from Rabat. Official confirmation that Cubans had died was not available.

Thai gas find

Texas Petroleum has discovered a natural gas deposit in the Gulf of Thailand with possible reserves of *3,000bn. cubic feet.* Reuter reports from Bangkok. The well, 180 km. south of Union Oil Company's earlier gas find, could raise available gas supply to 400m.-500m. cubic feet a day.

Arafat for Moscow

Mr. Yassir Arafat, the Palestinian leader, will go to Moscow soon to discuss proposals on the Middle East put forward last week by *Mr. Leonid Brezhnev*, the Soviet leader, Reuter reports from Damascus. A Palestine Liberation Organisation spokesman said the PLO has responded favourably to the proposals which support Palestinian rights to self-determination and a gradual Israeli withdrawal from occupied Arab territories.

Israeli courts martial ban on lawyer linked to PLO

BY ROBERT GRAHAM, MIDDLE EAST CORRESPONDENT

JERUSALEM, March 31.

THE ISRAELI authorities have sanctioned Ms Felicia Langer a communist lawyer well-known for representing civil rights defendants in Israeli and the occupied territories for pursuing defending conscientious objectors, and the judicial committee, composed of civil and military legal authorities, examined her licence on orders from the military Chief of Staff.

foreign affairs, Mr. Farouk Khaddoumi, in the U.S., and she has had other contacts with the PLO which have been public knowledge.

Within Israel there has been other Israelis meeting PLO *representatives*. In particular, she pointed out that former Gen. Mati Peled, who had access to sensitive information, had not been penalised, although he has

Although Mr. Peled and Ms Langer represent minority views in Israel, they are the first group of people to recognise the need to establish a dialogue with the PLO. In contrast to the hostile

WORLD TRADE NEWS

China 'willing to sign' energy deal with Japan

BY CHARLES SMITH

TOKYO, March 31.

CHINA is now willing to negotiate a long-term coal and oil export agreement with Japan according to wire service reports reaching Tokyo on the outcome of a meeting between a high-level Japanese business mission and the Chinese Minister of Foreign Trade, Mr. Li Chiang.

Mr. Li's positive stand on the oil and coal deal, if correctly reported, represents an important change in China's position which had been one of reluctance if not total lack of interest in Japanese proposals for long-term import agreement.

Japan has been proposing a ten-year agreement for steam coal running from 1980 with annual shipments of 1m. tons per year. For oil, the Japanese position appears to be that as much as 10 per cent. of Japan's total oil requirements could eventually be supplied by China.

The proposal for a long-term oil agreement has been discussed before—but shelved after Chinese indicated their lack of interest early last year (at about the same time that the political upheavals were starting to take place in Peking following the death of Premier Chou En-Lai).

Japan has been importing Chinese oil under annual agreements but the quantities have been limited (around 6m. tons was shipped in 1976).

Japanese refineries are not equipped to process large quantities of Chinese oil, which contains a high ratio of wax—unlike Middle East oil. Japan is prepared to make the investments needed to adapt its refineries but not until it has an assurance of stable supplies from China.

Oil exports were a highly controversial topic in China during most of 1976 with the radicals apparently accusing former Vice-Premier Teng Hsiao-Ping of wanting to "squander" precious natural resources in return for imports of Japanese machinery which China could "do without."

This point of view has evidently been replaced by the view associated with Teng and with Chou En-Lai favouring long-term oil exports and greater imports of Japanese plant and equipment.

Mr. Li told the Japanese mission that China wanted to buy Japanese plants, as well as steel, fertiliser and industrial technology. He also "warned" Japan against giving credit to the Russians for the development of Siberia.

Early in 1975 China rose briefly to the position of Japan's second largest trade partner after the U.S., mainly because Japanese exports had boomed as a result of a bunching of plant exports. In 1976 there was sharp reversal. Exports to China fell more than 25 per cent. and imports fell by over 10 per cent.

China was a smaller market for Japanese goods than either Hong Kong or Taiwan last year, although it had been well ahead of both the year before. It made particularly sharp cuts in its imports of Japanese steel and chemical fertilisers, two industries for which China is normally a very major market.

Mr. Li's remarks to the Japanese missions (headed by the President of the Keidanren, Mr. Toshiwo Doko) will be taken as an indication that trade is now about to pick up again and perhaps top its former levels considerably.

The U.S. Special Trade Representative, Mr. Robert Strauss, will go to Tokyo early next week for talks with Japanese Government leaders. U.S. officials said the trip has not been planned as a negotiating trip on international trade problems, but Mr. Strauss will be prepared to hear any Japanese Government proposals on limiting Japan's exports of colour television sets to the U.S. market.

Oil boost for India

By K. K. Sharma

NEW DELHI, March 31.

INDIA has been getting crude supplies from Iraq, Iran and some other Middle East countries at prices that are lower by 40 to 50 per cent. than the posted prices since 1974.

Lower payments are restricted to crude imports arranged on the basis of Government to Government agreements which come to roughly 7m. tonnes annually. The lower prices have been made possible through soft loans given by the oil exporting countries and are one of the reasons for the remarkable increase in India's foreign exchange reserves at a time of high world oil prices.

Foreign exchange reserves were to-day, the end of the financial year, at the record level of 27.5bn. rupees (3.2bn.).

During 1977 Iran will supply 3.5m. tonnes on deferred payment terms but details are not available. However in fiscal 1974 and 1975 Iran gave loan assistance of $286.3m. for crude imports by the Government owned Indian Oil Corporation and Madras Refineries in which the National Iranian Oil Company has a share.

Iraq has given $170.9m. as loans which helped part of the crude imports from that country from 1974 to 1976. The United Arab Emirates gave a loan of $50m. for oil imports in fiscal 1976.

The Indian Government has made arrangements for import of 14m. tonnes of crude in 1977 of which more than half is on the basis of Government to Government agreements with Iran and other Middle East countries.

Dell pleases U.K. steelmakers

BY ROY HODSON

THE BRITISH private sector steelmakers feel they have won a significant victory in their campaign against imports of cheap foreign steel with the imposition from to-day of an anti-dumping duty on some Spanish steels.

Mr. Edmund Dell, the Trade Secretary, said last night that a provisional anti-dumping duty of £31.50 a tonne would be imposed on Spanish non-alloy light steel sections.

The Government has been looking into allegations of Spanish dumping in those products and has tried to solve the problem by discussions with the Spanish Government. The talks are continuing but in view of the high level of imports from Spain last month, the Department of Trade feels there is no alternative to a special duty.

The British Independent Steel Producers' Association, which has been pressing for stronger action against cheap steel imports during the international recession in steel sales, last night welcomed the Government action.

Mr. Selwyn Williams, of BISPA, said his member steelmakers were confident that the Government, in conjunction with the European Community, was making a considerable effort to assist the sectors of British steelmaking which were suffering most from imports. Companies in special steels and re-rolled products were being particularly hard-hit.

The steels subject to the new anti-dumping duty have been selling in Britain at about £145 a tonne, compared with home prices of about £190 a tonne.

British steelmakers are continuing to urge the Government to act against other cheap steel imports, in particular from South Africa and Japan. The Government is investigating allegations concerning both countries.

● The British Steel Corporation yesterday made a move to increase its share of the British stockholding market in flat rolled products.

It has bought Scottish stockholder David Bennie and Sons and its subsidiary Bennie Steel Sheet.

The companies will become part of the British Steel Service Centres operation, operating under the subsidiary Lye Spencer Steel Services. Bennie Steel Sheet has a turnover of £2m. a year and employs 50 people.

U.S. steel dumping inquiry

TOKYO, March 31.

THE JAPANESE Government has no comment to make on allegations of dumping Japanese steel products in the U.S. until more details are known, a spokesman for the Trade Ministry said. He was referring to reports that following a recommendation from the U.S. International Trade Commission (ITC), the U.S. Treasury Department had begun investigating alleged dumping of Japanese welded stainless steel tubes and pipes and hot-rolled steel plates.

Reuter

David Bell adds from Washington: The U.S. Treasury inquiry is expected to take at least six months and involves imports of carbon steel plate which amounted to about $178m. last year. The Treasury has also reopened an inquiry into welded stainless steel pipe and tubing imports which were worth some $10m. last year.

Inquiries into allegations of dumping are the responsibility of the Treasury and if it finds these charges proved—they were brought in this case by Oregon Steel Mills—it then refers them to the semi independent International Trade Commission which has three months to decide if the U.S. industry has been injured by dumping. The ITC can levy additional duties if it finds clear evidence of such injury.

The ITC last year recommended quotas on imports of special steels, a recommendation which President Ford later accepted, but this dumping inquiry involves a different kind of steel and is not connected with the ITC investigation.

The inquiry into the relatively small amounts of welded stainless steel and tubing imports is at the request of eight U.S. steelmakers who account, according to the Treasury, for about 85 per cent. of welded stainless pipe and tubing.

Muldoon warns on protection

By David Habakkuk

UNLESS AN expansion in the economies of countries with payments surpluses (notably the U.S., West Germany and Japan) were to make possible export-led growth, New Zealand would come under increasing pressure to resort to protectionist trade policies, Mr. Robert Muldoon, the New Zealand Premier, warned yesterday.

Speaking in London at a lunch given by the Foreign Press Association, Mr. Muldoon said that, since oil prices began rising three years ago, New Zealand's import prices had doubled, while returns on exports had risen only 30 per cent. Terms of trade had thus fallen 45 per cent., to the worst level since the depression of the 1930s, imposing a massive further adjustment on the country's economy, on top of the effects of Britain joining the EEC.

On meat and dairy exports, Mr. Muldoon stressed that New Zealand's capacity to cope with a diminution of its market was already stretched to the limit.

Dai Hayward adds from Wellington: The New Zealand Government's decision to hold import licences at the same monetary value as last year—which, with overseas inflation, means a 10 per cent. cutback in their real value — will hit British imports to this country.

Plant exports rise 50% but fall short of target

BY OUR FAR EAST EDITOR

TOKYO, March 31.

JAPAN'S PLANT exports during fiscal year 1976 (which ends to-night) are thought to have totalled around $8bn., an official at the Ministry of International Trade and Industry revealed.

This is only two-thirds of the $12bn. target proposed earlier in the year by Mr. Toshio Komoto, former Minister of International Trade and Industry. However, it is still about 50 per cent. more than Japan's 1975 plant exports which were worth $5.24bn. (the figures in both cases are computed on the basis of export licences awarded by MITI—actual shipments may follow months, or in some cases years, later).

MITI officials, who have often sounded vaguely embarrassed by Mr. Komoto's $12bn. target, did not seem unduly disappointed to-day that it had not been met. They did say, however, that plant sales in the Middle East had fallen well below expectations—particularly in Saudi Arabia where the value of contracts was "far less" than hoped. Disappointing results in the Middle East were due to postponements of Government development programmes. In some cases projects were cancelled after Japanese companies had won contracts.

In the light of the 1976 results Japan is being fairly modest about its expectations for 1977. Mr. Komoto's one-time target of pushing plant exports up to between $15bn. and $20bn. is regarded as unrealistic. A more practical level would be between $10bn. and $12bn., officials seem to feel.

The $8bn. figure for 1976 means that plant is now one of Japan's major export items. By way of comparison, motor exports in calendar 1976 were worth $8.9bn., ships were worth $7bn. and steel $10.5bn. The Japanese see industrial plant as being a promising avenue for future export growth, not only because of sales opportunities in the Middle East but also because plant exports do not increase the Japanese surplus with other developed regions such as Europe and the U.S.

In 1973 Japan was well down the list of OECD plant exporting countries, ranking between France and Italy. It has since moved up the league table however and may now be fourth ranking, behind the U.S., West Germany and the U.K.

Japan remains technically behind Europe in the more specialised types of industrial plant but has been catching up fairly rapidly. During 1976 there were instances of Japanese consortia winning contracts for types of plant which had not previously been awarded to Japan.

Soviet trade deficit cut

MOSCOW, March 31.

THE SOVIET Union improved its trade position with the rest of the world last year, but still ran up a deficit of nearly 3bn. roubles (£2.3bn.) with hard-currency areas, according to official figures released to-day. The deficit with the western industrialised countries, of 2.932bn. roubles was less than the 3.564bn. roubles (£2.8bn.) of 1975.

Western experts attributed this improvement to Soviet import reduction, especially affecting non-agricultural purchases, which began to take effect in the second half of 1976. But at the same time, massive grain purchases from the west, particularly the U.S. and Canada, following the disastrous harvest in 1975, continued to boost imports, the experts said.

According to figures issued in the Foreign Trade Monthly, the USSR's overall trading deficit dropped substantially from 2.637bn. roubles (£2bn.) in 1975 to 749m. roubles (£583m.) last year. Reuter

Optimism on multifibre

BY KEVIN DONE, INDUSTRIAL STAFF

MR. ALAN CLOUGH, retiring president of the British Textile Confederation, yesterday expressed hopes that the U.S. would soon come round to the EEC view on the need for a renegotiation of the Multi-Fibre Arrangement.

GATT talks in Geneva on world textile trading arrangements will resume next month, and EEC countries are fearful that if the present arrangements continue beyond the end of the year more than 1.8m. jobs could be lost in the European industry in the period up to 1985.

Originally the U.S. was in favour of a renewal of the agreement broadly as it stands, but Mr. Clough said yesterday that he was pleased that both sides of the U.S. industry had come round to the European view.

Problems had been created by the installation of a new administration in the U.S., but he was hopeful that there would be a change in the stance adopted to date by President Carter.

The U.S. is understood to have indicated its willingness to listen to suggestions from other countries for improvements and the Japanese are broadly following the same line.

The British Textile Confederation, where Dr. Brian Smith, chairman of ICI Fibres yesterday took over as president, is hopeful that pressure from both sides of the U.S. industry on the Carter Government can sufficiently move its stance to provide vital support for European demands.

The textile industry in Europe has been pressing the EEC to secure arrangements enabling MFA signatories to take action against cumulative disruption resulting from a build-up of imports from a number of new suppliers.

Omani power order

BY BARBARA CASASSUS

MUSCAT, March 31.

A CONTRACT valued at Omani Riyals 45m. (about £27m.) to operate and maintain 26 electricity generating stations in Oman has been won by Global Chemical Systems of California. Of the overall price, imported diesel, probably supplied by Shell, will account for an estimated Riyals 10m.

According to informed sources, the two-year agreement will initially cover only 10 of the new installations at a cost of around Riyal 10m., including some Riyals 3m. for fuel. The other 16 are still under construction by Hawker Siddeley.

Thai bus deal

The Thai Mass Transportation Organisation said Thailand will buy 1,000 buses valued at $12m. from Japan and Germany.

Contracts will be signed in Bangkok next week for 600 Japanese Hino and 400 German Mercedes-Benz buses.

Chemicals for ME

A contract to supply about £1m. worth of specialty chemicals to an offshore Abu Dhabi oil complex has been awarded to the Cheshire-based company of Nalfloc.

Jacket curbs

Following a sharp increase in 1976, imports of men's and boys' jackets, blazers and the like from Macao will be restricted to 400,000 pieces and women's, girls' and infants' blouses and shirt-blouses to 1m. pieces in 1977, the Department of Trade said yesterday.

HOME NEWS

Beer probe becomes pub profit inquiry

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

MR. ROY HATTERSLEY, the Prices Secretary, has extended his controversial reference of beer prices to the Price Commission to cover profits on the whole range of products sold alongside beer in pubs and other licensed premises.

His move effectively recognises the difficulty of making judgments about the level of profit on one product isolated from the overall profit mix.

For that reason, extension of the beer reference marks a significant development in the Department of Price's thinking which may have greater relevance when the proposed new system of Price Commission investigations comes into effect in August.

The decision to widen the commission's terms of reference on beer followed the publication yesterday of the commission's report on soft drinks and mixers sold on licensed premises. The report concluded that gross profits on mixers were higher than justified.

Between them, manufacturers and the licensed trade ought to be able to reduce the price by at least 2p a 4 ounce bottle. The commission also concluded that the price of drinks like shandy was higher than necessary. Frequently they cost more than the sum of the two constituents, and the price should be reduced so as to reflect more closely the cost of the drinks being mixed.

At the same time, the commission criticised the licensed trade for over-charging for soft drinks sold on their own in order to discourage customers from buying them.

The commission pointed out, however, that in looking at profit margins on individual products it was necessary to consider the profitability of the whole enterprise.

The terms of reference on the soft drink inquiry did not ask it to do this. Even so, the commission concluded that it would be possible in most cases for its recommendations to be implemented without any undue effects on profits, as mixers and soft drinks together accounted for only a small proportion of total sales.

Mr. Hattersley said yesterday that the commission's conclusions would be discussed with those most concerned. It is clear that any real action on the report will be postponed until the commission has reported on the wider issue of profit margins in licenced premises.

The Minister acknowledged that just as when examining profits on soft drinks it was necessary to bear in mind the profitability of the enterprise as a whole, so it was necessary to look at beer in the wider context of licensed premises' overall profit.

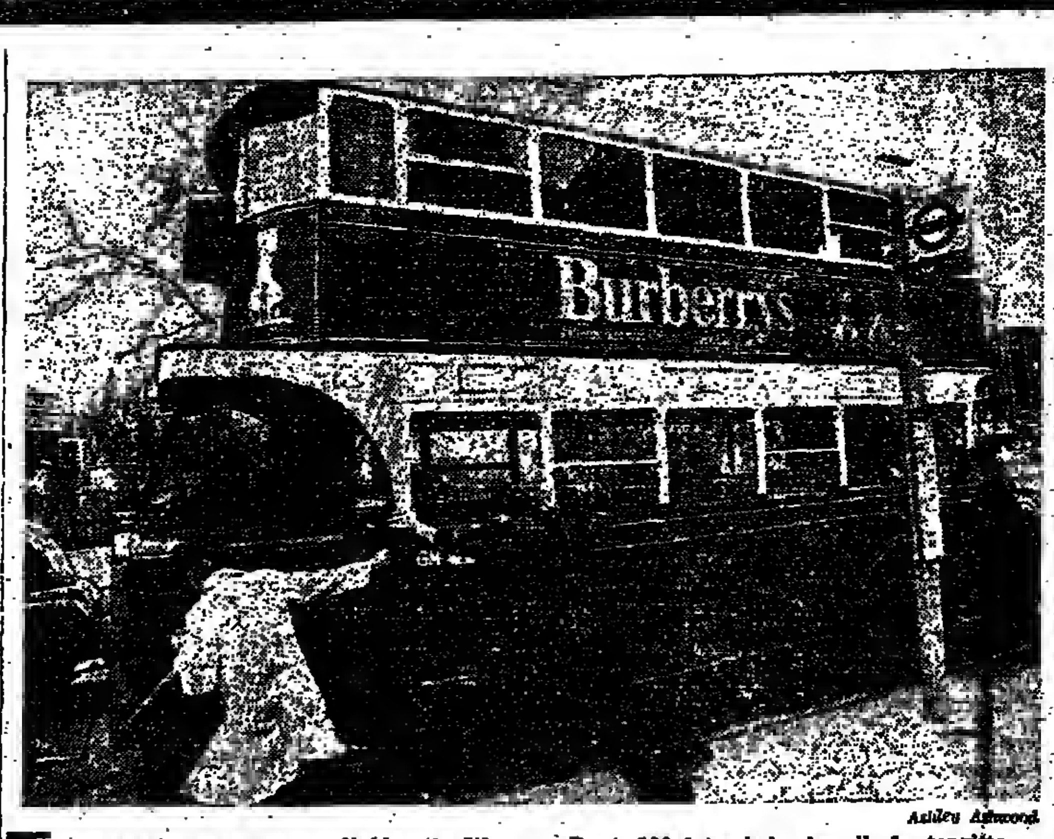
For that reason the commission's terms of reference were being widened to cover the overall net profit margins of businesses licensed to sell beer for consumption on the premises.

The Brewers' Society welcomed Mr. Hattersley's decision to widen the beer reference. At the time when the original reference was proposed by Mr. Hattersley — and strongly opposed by the brewers, with the backing of the Ministry of Agriculture — the society claimed that it was impossible to look at beer prices in isolation.

Commenting on yesterday's report on soft drinks, the society said it was clear that Price Commission members had never worked behind a bar or they would have known the extra time it took to prepare a mixed drink, such as a shandy, or the amount of drink that got spilled in the process. But it welcomed the commission's view that it was unfair to compare pub prices for soft drinks with those charged in supermarkets.

The commission found that pub prices for mixers were nearly three times as high as supermarket prices but pointed out that the costs of running a service establisment, like a pub, were higher than those of running a grocery shop.

Even so, it concluded that prices in licensed premises were too high and that this was partly because of the way the manufacturers had loaded their price increases on to the prices charged in licensed premises.



Ashley Ashwood

London's latest bus route—linking the West End with the Tower of London—got off to a sticky start yesterday. The bus, an open staircase vehicle dating from the 1930s, developed starter motor trouble, and got under way only with a push from London Transport staff and a yeoman warder. Route 100, intended primarily for tourists, starts formally on Saturday with an hourly service between Trafalgar Square and the Tower. The crew will wear 1930s uniforms, and conductors will sell old-style tickets—a collector's item among bus enthusiasts. The service will operate until the end of September.

Direct labour win for builders

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE CONSTRUCTION industry's long campaign to prevent the spread of local authority direct labour organisations ended yesterday with a quiet victory.

The last day of March was the date the Government set itself to enact the Local Authorities (Works) Bill, which would have extended the powers of the direct labour departments. On the same day, powers provided to 25 local authorities under the Local Government Act, 1972, to undertake work for neighbouring councils expired. It was the Government's intention to have the new law in force in time to take over.

Under its proposals, direct works departments would not only have been able to carry out work beyond their own council's boundaries for other local authorities but would also have been able to compete for private sector construction work.

The industry described the proposals as "backdoor nationalisation," claiming that direct labour operations were inefficient and were depriving the private sector of desperately needed work.

Ministers became aware earlier this month, however, that their knife-edge majority in the House of Commons would not enable such a controversial piece of legislation to get Parliamentary approval. Efforts were made to adapt the proposals in order to make them more effective. The revision work was not completed in time.

The construction industry will keep a close watch to ensure that the proposals do not appear again. It is fairly confident of continuing success in fending them off, as the Liberals have already said they are categorically opposed to them.

In the meantime—despite the legislative gap—the 25 local authority departments empowered to work beyond their own boundaries can continue to do so, although they cannot take on any new contracts until their old powers are renewed.

Mr. James Callaghan said in the Commons last week during the debate on the Conservative's motion of no confidence that the Local Authorities (Works) Bill would be confined to the provisions which were required to protect the existing activities of direct labour organisations.

More men to be laid off at Clydebank

By Ray Perman, Scottish Correspondent

THE LATEST casuality of the shortage of orders for the North Sea oil industry is JBE offshore, a subsidiary of John Brown Engineering at Clydebank, which has given three months' notice of redundancy to 500 of its 850-strong work force.

The company has had no new orders since September, when it won contracts worth £3.8m. to supply piping and a wellhead module. Both jobs will be completed by mid-May. Work should then have finished on three other modules for Chevron's Ninian Field and on a flare boom being built for Shell.

The company said last night the prospect of orders in the near future looked slight. "We have been trying to keep the work force together, but the writing has been on the wall for the last couple of months. The North Sea oil industry just did not blossom the way it was forecast.

Michael Donne, Aerospace Correspondent, writes: Hawker Siddeley Aviation has given the unions warning of impending redundancy for 227 workers on the Trident airliner production line at its Hatfield, Hertfordshire, factory.

The lay-offs are necessary because of the lack of new orders for Tridents, as existing orders for China are progressively worked through. They are likely to take place around the end of June.

While HSA can use some of the surplus labour from Trident work on the limited programme permitted by the Government on the HS-146 feeder-liner, it is becoming increasingly clear that, unless some major new civil aircraft programmes are fed into the Hatfield factory, the redundancies may be increased later.

Use of new cigarette material accepted

BY STUART ALEXANDER

THE RACE to put cigarettes containing substitute materials on the U.K. market began in earnest yesterday.

Immediately after Dr. R. B. Hunter, chairman of the independent scientific committee on smoking and health, had announced that they had decided not to object to the "carefully controlled" use of Cytrel and New Smoking Material, Gallaher announced that it would launch two brands in Silk Cut in July.

Carreras Rothmans announced last night that marketing plans for launching a cigarette containing Cytrel were well advanced and that it was expected to be on sale in about three months.

Before anyone can market the cigarettes agreement will have to be reached with the industry over a long-term monitoring programme on the effect of the new materials on health.

This is likely to be continued for many years under the scrutiny of a Government chemist but paid for by the industry.

There will also be talks on advertising claims with the Advertising Standards Authority. Information will be carried both in and on the pack to advise the customer of the inclusion and concentration of the cellulose produce. Imperial also intends to produce an advisory leaflet.

Concentrations will normally be in the 20-25 per cent. range though Gallaher intends to market a version of its Silk Cut Extra Mild which will contain 40 per cent. Cytrel.

The committee also gave the go-ahead for the use of 370 flavour additives which have been in use for 20 years or more in Western Europe and North America.

The decision marks the end of a four-year wait for companies while the Hunter committee deliberated. Although the endorsement was less than fullsome, it will allow Imperial and Cellanese to look for other world markets.

Gallaher has announced that it will be introducing other brands, some of which will use NSM, and Wills and Player are expected to use new brands containing between 20 and 25 per cent. NSM.

There will be no price advantage in cigarettes using substitutes and initially they are expected to be in King Size.

New Year holiday criticised

THE GOVERNMENT has decided that Monday, January 2 next year should be a public holiday—the New Year Bank Holiday—because New Year's Day falls on a Sunday.

Industrialists immediately reacted strongly against the decision. The Confederation of British Industry called it a mistake, and will urge the Government to think again to avoid following the pattern of the last Christmas and New Year holidays, which ultimately spread over more than two weeks.

Specifically, the CBI wants the New Year's Day holiday to be given on the previous Friday so that the holiday period can be compressed into one week.

Mr. Harold Walker, Minister for Employment, told the Commons yesterday that, in the light of the Government's consultations with interested parties, January 2 would be the New Year Bank Holiday in England, Wales, and Northern Ireland, and in Scotland Tuesday, January 3 would also be a public holiday.

Agency aids expansion of radar group

By Our Glasgow Correspondent

THE SCOTTISH Development Agency is to invest £825,000 in a joint venture with Microwave and Electronics Systems, of Edinburgh, to buy a factory in Linlithgow and manufacture radar systems.

The factory was formerly owned by Signetics International, which recently closed its Scottish manufacturing operation. Up to 70 jobs will be provided in the first year, increasing to about 200, including a high proportion of technologists and electronics engineers.

The SDA's involvement, its seventh industrial investment in 16 months, comprises the purchase of the factory, renting it back to MESL, and taking a 5 per cent. equity stake in the company.

MESL is forming a radar systems division to be located at Linlithgow and is transferring key staff from its nearby Newbridge factory, together with the existing radar order book worth more than £1m.

The agency said yesterday its investment would enable MESL to bring forward technically advanced production and development programmes which might otherwise be delayed.

Brokers expect little growth, more jobless

BY MICHAEL BLANDEN

TREASURY FORECASTS of economic growth this year may be too optimistic, argue stockbrokers W. Greenwell in their assessment of the Budget. They say:

"The disagreement this year between us and the Treasury is not so much about what is happening to the economy but about why it is happening. This is important because it will affect the way the economy reacts to events as they materialise in 1977-78."

They suggest that the recovery in output may have petered out, and doubt whether the growth in gross domestic product in real terms will be as high as the official forecast of 1½ per cent. between the first halves of 1977 and 1978.

"The behaviour of the money supply in real terms suggests that there will be no growth at all. We expect unfilled vacancies to start to fall in a month or so and unemployment to resume its rise from mid-1977."

The brokers add: "The inflationary process in the U.K. has now reached the stage where it is virtually impossible to stimulate real economic growth while inflation is still accelerating—reflationary measures all too quickly lead only to higher prices."

The timing and pace of economic recovery, they argue, "must therefore depend on when and how rapidly the rate of inflation starts to fall."

Number of dockers halved in ten years

BY ROY ROGERS

THE MARCH of containerisation and other new technology into Britain's docks has more than halved the number of registered dock workers over the past decade.

Figures released to yesterday's annual meeting of the National Association of Port Employers by Mr. James Davidson, its chairman, showed that the main register of dockers had declined from 58,500 to 29,200 since the industry was decasualised ten years ago.

Since 1969 some £69m.—£38m. from the industry and £31m. from the Government—had been used to coax 24,400 workers out of the industry by way of its voluntary severance scheme.

Offering a maximum of £7,000, depending on service, the severance scheme is necessary because of the national dock labour scheme which, as it is administered by unions and management on a 50-50 basis, makes it virtually impossible for registered dockers to be dismissed.

Mr. Davidson suggested that there was still a need to reduce the industry's labour force by a further 1,500 workers, most of them in London, over the coming year.

These figures coincide with others from the National Ports Council which show that the total of foreign and coastal traffic through British ports last year was 7 per cent. up on 1975. Fuel traffic was only 5 per cent. up on a year earlier but other trade increased by 11 per cent.

Imports of non-fuel items were 17 per cent. higher than 1975 and in the final quarter of last year were running 24 per cent. above the corresponding period of 1975. Exports, however, rose by only 5 per cent. over the year.

Fuel imports were down 3 per cent., with exports leaping 55 per cent. due to the movement of North Sea oil.

British Airways starts Belfast shuttle

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS starts its no-reservations shuttle service between Heathrow and Belfast to-day.

This is the airline's third shuttle operation. The shuttle to Glasgow has been in operation since January 1975, and to Edinburgh since April 1 last year.

Mr. Roy Watts, director of commercial operations, said yesterday that shuttles had so far carried over 1.9m. passengers, a rise of 20 per cent.

The new service will operate every two hours each way from 0830 (Heathrow) and 0730 (Belfast) to 2030. The single fare is £28 tourist and provided passengers reach the gate ten minutes before departure of the aircraft, BA guarantees to carry them.

Passengers leaving Aldergrove Airport, Belfast, however, are advised to leave time for the necessary security checks.

Judgment reserved on TV mast liability

AFTER a 53-day hearing, Mr. Justice O'Connor reserved judgment in the High Court yesterday on an action arising out of the collapse in March, 1969, of a 1,250-foot television aerial mast on Emley Moor, near Wakefield, Yorks.

The Independent Broadcasting Authority is claiming damages from EMI Electronics, of London, and main contractors British Insulated Callender's Construction, Thornton Heath, Surrey, alleging breaches of contract and negligence. The defendants deny the allegations.

The judge was asked to decide the issue of liability. The assessment of any damages could be the subject of a further hearing.

Costs of the action so far are unofficially estimated at £250,000 and damages could total more than £2m.

The mast was used for both commercial and BBC television transmission.

NEWS ANALYSIS — HERBERT MORRIS

A friend in need

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BID by Hawker Siddeley for crane maker Herbert Morris looks as if one old pal has decided to rescue a chum from a bit of a hole.

For one thing, the two companies are next-door neighbours at Loughborough in Leicester. Between Morris and Hawker's electrical engineering offshoot the Brush Group about 25 per cent. of the local labour force is employed.

Then again, the two chairmen have known each other for many years.

Morris has been pushed into its hole by a thoroughly unwelcome bid by Babcock and Wilcox, which it has used a number of imaginative ploys to defeat. Now that Babcock has 40 per cent. of the Morris shares, however, Morris's days as an independent entity seem to be coming to an end.

In these circumstances a friendly hand proferred by a neighbour would seem most welcome.

Nobody at either Morris or Hawker would try to pretend there is any great "industrial logic" in the proposed acquisition. Certainly Hawker has a great deal of expertise in electrical and mechanical engineering and it would be very surprising if some of this was not of use to Morris.

Hawker's main strength in its engineering division is the manufacture of diesel engines. The other interests have nothing much in common and take in such things as castings and forgings, sewage and water purification equipment, mining machinery, and building vehicles of various types for use at airfields.

As there is no common denominator, Morris would not be out of place if Hawker acquired the company.

Where Hawker would be most likely to provide Morris with an immediate advantage is in the world-wide spread of its marketing operations for mechanical and electrical engineering equipment. Even here, though, Hawker admits that Morris is already achieving a great deal on its own account.

It also insists that it would have gone ahead with the bid even if its aerospace interests were not being nationalised. The £8m. offered for Morris is not all that significant to Hawker, which made pre-tax profits of £65.5m. on sales of £829m. in 1975.

However, the City estimates Hawker will receive perhaps £75m. for its aerospace operations and it will need to turn that cash into productive use fairly swiftly.

Compared with Hawker, Babcock can claim some expertise in crane making — Morris specialises in overhead travelling cranes used inside manufacturing plant. Although it divested itself of its crane manufacturing business in the U.K. some years ago, Babcock recently bought American Chain and Cable in the U.S. which has some product overlap with Morris.

Ironically, three of the five members of the Monopolies Commission who reported on the proposed Babcock-Morris link-up in February expressed concern about this overlap. Morris's freedom to develop exports could be adversely affected, they insisted. They maintained that these adverse effects were not offset by all the financial, research and development and overseas marketing resources which Babcock could offer.

The members of the commission did agree that the achievements of several companies taken over by Babcock since 1968 showed that their performance had not been enervated nor their export performance blunted. There was no reason to suppose this would not be true for Morris.

In fact, both Babcock and Hawker have the same approach to management. They let the individual operating companies have a fair degree of autonomy under the guidance of the best managers they can find.

The Morris management team, headed by chairman Mr. Pat Robinson and managing director Mr. Patrick McTighe, have consistently argued that Morris will operate most effectively under a small management team exercising intimate control. To work through the chain of command as part of a large organisation would blunt effectiveness, they insisted.

But now the reality seems to be that Morris, much as it would like to do so, will not be independent for long. And in that case, better the devil you know.

Mulley answers for Millbank

Financial Times Reporter

MR. FRED MULLEY, the Defence Secretary, is taking over direct responsibility from to-day for the defence export activities which make up much the greatest part of the business of Millbank Technical Services, a Crown Agents subsidiary.

This has been announced in a written Parliamentary answer by Mr. Mulley, who also said that an appropriate sub-head would be opened in the Defence Estimates to provide for any contingent liability assumed on the transfer.

Millbank Technical Services has an order book of some £1.4bn., the great bulk of it for the export of defence items, including missiles, much of it to Iran.

Shiprepairers' first order

By Our Glasgow Correspondent

CLYDE Dock Engineering Ltd., the new shiprepairing company being set up on the Upper Clyde, has announced its first contract with £70,000 for work on three U.K. registered vessels.

The company starts operation on April 4 at the former yard of Alexander Stephen (Ship Repairers) Ltd., and now has work until mid-May. It intends to build up a work-force of about 250 within its first year.

Clyde Dock was founded with £1m. of capital by Mr. R. E. Butler, former production consultant of Govan Shipbuilders, and is backed by an anonymous group of Scottish businessmen.

Chemical industry output 10% up

BY KEVIN DONE, INDUSTRIAL STAFF

CHEMICAL INDUSTRY production rose by some 10 per cent. last year compared with 1975. In the final three months alone, output exceeded the previous record level achieved in the July-September, 1974.

Production rose steadily throughout 1976, with the largest increases coming in such sectors as organics, synthetic resins and plastics materials, synthetic rubber, dyestuffs and pigments, areas which fell furthest in 1975.

According to figures in the official magazine, Trade and Industry, to-day, the major stimulus to output came from exports. In the current year, the growth in home demand is expected to be less buoyant than in 1976, and the main stimulus to demand is again expected to come from exports.

With about half the industry's output absorbed by the home market going to other industrial sectors, the outlook for chemicals is closely tied to the prospects for industrial production.

Trade and Industry says that output of chemicals is unlikely to rise this year by more than 5 per cent.—assuming only a slow rise in industrial production—and it considers this to be an optimistic forecast.

The main growth is expected in pharmaceuticals, inorganic and organic chemicals, synthetic resins and plastic materials. But the sectors directed towards the home market, such as toilet preparations, paint and fertilisers are expected to do less well.

Export volume rose by 20 per cent. last year, and more than recovered from the fall in the previous year, with exports rising sharply by 5 per cent. in the final quarter.

The volume of exports is expected to go up by some 10 per cent. this year, while the rise in imports is expected to be fairly modest. Imports were 24 per cent. up last year with a rise of 3 per cent. in the final quarter.

Production prices showed a 15.5 per cent. rise in 1976—3.25 per cent. in the final quarter—and prices are unlikely to moderate in the short term. The value of purchases of materials and fuels by the industry went up by some 24 per cent. last year, and many of these increases are still to be fed through to output prices.

Investment by the chemicals industry was much the same last year as in 1975, and, according to the Department of Industry's investment intentions inquiry, investment is unlikely to rise by more than 9 per cent. in the current year.

Exchange members accept Talisman

BY MICHAEL LAFFERTY

THE STOCK Exchange's Talisman computerised settlement system received overwhelming approval in yesterday's poll, with 73½ per cent. of members voting in favour of the scheme.

Almost 78 per cent. of the 4,054 Exchange members voted. The final vote was 2,315 for, 837 against.

Mr. Nicholas Goodison, the exchange's chairman, said last night that he was very pleased with the result. The Stock Exchange would now proceed with its plans for implementing Talisman which will become effective in 1979.

The project is designed to cut out a lot of the routine clerical and paperwork presently involved in settling share transactions. As a result it is estimated that as many as 2,000 fewer people will be employed in settlement procedures in 1980. About 5,500 people were employed in this field last year.

Goodison blames governments

BY KEVIN DONE, INDUSTRIAL STAFF

THE SUPPLY of finance for industry is no problem, Mr. Nicholas Goodison, chairman of the Stock Exchange, said in London yesterday. The low level of investment had arisen because of a lack of confidence in industry.

The Stock Exchange mechanism had been successful in channelling finance towards industry, and in the last two years had provided £2.7bn. But difficulties had arisen because of the high cost of finance, and for this the Government was chiefly responsible because of its demands on the market, which in the past two years had amounted to £15.5bn.

Governments had been exhorting industry and commerce to do the impossible, Mr. Goodison told the annual lunch of the British Textiles Confederation. "Governments have been saying invest, buy factories, lorries and ships, but at the same time they have made it impossible by their own demands."

NEDO-Parliament formal link urged

BY ROY HODSON

THE TIME has arrived for a strong and formal link between Parliament and the National Economic Development Office, according to Sir Ronald McIntosh, the director general of NEDO.

Outlining his ideas in a speech last night, he said he would most like to see the appropriate Commons select committees maintaining a continuing interest in, and watching over, the activities of NEDO and its associated tripartite industrial groups.

His concept of a NEDO-Parliament link would involve the select committees in taking evidence from time to time from the NEDO director general and senior staff together with the chairmen and members of the economic development committees and the 40 NEDO industrial sector groups.

Sir Ronald gave these details of his scheme for a closer link in a speech to the Bow Group in London. Such a move, he said, would be welcome to the people in industry who were giving their time to NEDO work. It would increase understanding among MPs of the practical problems involved in achieving industrial revival.

Sir Ronald said his scheme would also remove the criticism that the arrangements for tripartite consideration of industry's problems by-passed Parliament. He foresaw such a development doing much to establish the greater measure of continuity in official policies towards industry which the country needed.

Britain's industrial decline had now gone very deep he told the Bow Group. It would require an unremitting effort, applied over a period covering the normal lifetime of at least three Parliament's, to reverse that.

Structural

A continuous involvement by Government in industrial policy and planning was needed in Britain. It might be tempting to look for a situation in which Government devoted its whole attention to creating the right economic environment without direct involvement in industry's affairs. But he did not believe such a system was realistic in the current situation.

To suppose that the mechanisms of the market could, on their own, put right the structural problems with which Britain now had to cope was an illusion.

Sir Ronald put forward one detailed proposal for stemming the drift of skilled workers from engineering because of the cyclical nature of the industry. He suggested the Government pay a special premium at a higher level than the present temporary employment subsidy to engineering companies which kept their workers on throughout the recession.

IN BRIEF

Car shipments

Japan's car exports helped lift the number of passenger cars carried by the world's shipping lines from 2.5m. units in 1970 to about 4.5m. last year, according to a study by H. P. Drewry (Shipping Consultants).

Power charges

The Government is expected to reduce the differential between electricity costs in Ulster and the rest of the U.K. soon. Businesses in Ulster have been pressing for action on prices which are almost 50 per cent. higher than on the mainland.

Pension plan

The CBI has launched a pension scheme designed to enable small company members to make pension provision for employees under the new State scheme due to come into operation next year. It will give members a vehicle to provide more than State benefits to employees.

Brokers' fees

It would cost insurance brokers about £250 to register for the first time, according to the British Insurance Brokers' Association. The Insurance Brokers (Registration) Bill, now going through Parliament, would make this obligatory. The initial charge would include a registration fee of £75 (£25 on renewal) and indemnity cover costing £225.

Cold weather gives boost to coal production

BY RAY DAFTER, ENERGY CORRESPONDENT

THE COAL industry has been stimulated by a sharp rise in energy consumption, according to the latest fuel statistics.

Cold weather in the three months to the end of January increased inland energy consumption, on a primary fuel input basis, by more than 7 per cent. compared with the corresponding period a year earlier.

Coal consumption rose nearly 9 per cent.—a bigger increase than for competing fuels. Natural gas sales increased nearly 8 per cent. Oil consumption rose nearly 5 per cent.

The Department of Energy's latest Energy Trends, out yesterday, show coal consumption between December and February inclusive was 37m. tons, about 7.7 per cent. more than a year before. Most of this increase arose from the 2m. tons of extra coal burned in power stations.

Disposal of coal to industry in this period was about 12 per cent. higher. Coke consumption rose more than 9 per cent. Demand for house coal rose 7 per cent., partly influenced by temperatures which were substantially lower than last year.

But deep-mined coal output in the December-February period was 3.7 per cent. lower than a year before at 22.4m. tons. Consequently stocks continued to fall in all sectors except coke ovens.

Productivity measured in terms of output a manshift improved in February to 45.2 cwts., the highest for nine months.

The Energy Trends also show that industry faced a big rise in fuel bills in the final three months of last year. Increases ranged from nearly 8 per cent. on coal to 12.5 per cent. on gas.

Prices for new or renewed contracts for oil showed even sharper rises of 22.5 per cent. on heavy fuel oil and nearly 16.5 per cent. on gas oil compared with the third quarter of last year.

Nearly 4 per cent. less gas was sent out in February compared with the monthly level of last year, although consumption was up more than 7 per cent. in the December-February period.

In terms of weekly averages, total fuel used at power stations and the amount of electricity supplied in January were at record levels. The maximum demand met at any one time during the month reached 49,100 megawatts—the highest demand yet placed on the public supply system.

In the months November-January electricity supplied was 8.5 per cent. more than a year ago.

Refinery receipts of crude oil were also up, at nearly 26m. tonnes—12.5 per cent. more than last year. North Sea crude accounted for a fifth of this. Output of refined products increased 7.8 per cent.

THE COST OF INDUSTRY'S FUEL
(Delivered to large industrial consumers)

		Coal	Heavy Fuel Oil	Gas Oil	Gas Pence per therm	Electricity Pence per KWh
		£ per ton				
1975	1st qtr.	13.3	38.8	55.0	3.65	1.179
	2nd qtr.	15.1	38.2	54.2	4.15	1.178
	3rd qtr.	14.9	37.5	50.7	4.43	1.249
	4th qtr.	15.6	38.7	53.9	4.84	1.354
1976	1st qtr.	17.4	42.1	64.0	5.73	1.453
	2nd qtr.	17.8	41.5	62.0	5.72	1.447
	3rd qtr.	18.0	43.1	61.7	6.74	1.461
	4th qtr.*	19.4	47.9	68.2	7.58	1.592

* Provisional.

Mr. Cyrus Vance, U.S. Secretary of State (centre), at No. 10 Downing Street last night during talks with Mr. James Callaghan, the Prime Minister, and Dr. David Owen, the Foreign Secretary (left).

£½m. offer towards Mentmore rescue

BY ANTONY THORNCROFT

YET ANOTHER effort is under way to preserve in tact Mentmore Towers, the Buckinghamshire home of Lord Rosebery, and its contents. Lord Rosebery has set a £3m. price and an April 5 deadline. He is selling the estate to meet death duties.

Trafalgar House Investments, the property and engineering group headed by Mr. Victor Matthews, has offered a substantial sum towards the £2m. still needed, since the Government, through the National Land Fund, has limited its own contribution to £1m. However, Trafalgar House's offer, probably in the region of £½m., still leaves a substantial sum required within the next five days.

If other companies and institutions make up the full £3m. Mr. Matthews proposes that Trafalgar House Investments should take a long lease on Mentmore and open it to the public as a money-making proposition. His company would also maintain the house, an important factor since it is not in very good repair.

He said yesterday: "This is not a great commercial venture: we will not make a lot of cash out of it. We see ourselves as leaders in one final effort to save Mentmore. I hope other enthusiasts will rally round."

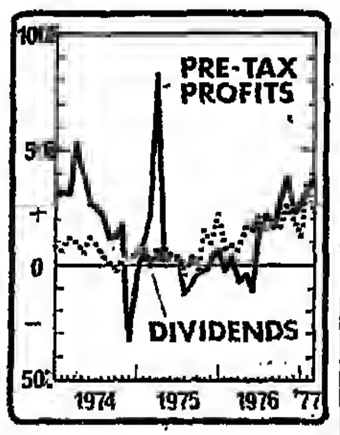
But it may well be too late. Although the Government has said it will be flexible over deadlines on death duty payments, all arrangements are still going ahead for the first public auction of the contents, organised by Sotheby's at Mentmore on May 18. The catalogues will start to go out on April 5 to dealers and collectors throughout the world.

Many of the contents have already been removed to Lord Rosebery's main home in Scotland. By selling at auction a much larger sum, estimated at up to £8m., would be raised.

● Wordsworth's Lake District home, Dove Cottage at Grasmere, is among the historic buildings for whose preservation and repair Government grants were made in the six months to September 30.

Pre-tax profits up 37.7% in a year

FINANCIAL TIMES REPORTER



THE 102 industrial company reports and accounts issued last month continued to show rising pre-tax profits and dividend costs over those of a year ago.

The latest rise in profits brought the average increase over the first three months of the year to 34.8 per cent., the sequence being 27.6 per cent., 33.8 per cent. and 37.7 per cent. for January to March.

Dividend cost increases for the three months came to 13.5 per cent., 34.2 per cent. and 22.9 per cent., but dividends were in most cases kept within the 10 per cent. limit during March.

The March average was distorted by the 25 per cent. dividend increase from ICI following the company's £200m. plus rights issue in May of last year. ICI's profits at the pre-tax level were nearly 44 per cent. up on the previous year, while profit increases of 55.7 per cent. and 83.4 per cent. respectively were registered by Turner and Newall and Trust Houses Forte.

Report urges improved testing of new drugs

BY DR. DAVID CARRICK

MANY IMPROVEMENTS in the methods of testing and evaluating new drugs are urged in a report in the Journal of the Royal College of Physicians.

Following reports of eye-damage in a number of patients receiving the drug practolol, which has been employed successfully in certain cardiovascular conditions for some four years, the Royal College invited five experts to discuss the testing of new drugs and responsibility for their unforeseen effects.

The report, which stresses the necessity of drug development, particularly in the fields of medicine in which new and effective medication is greatly needed, suggests improvements in the present system of drug testing from laboratory to clinic.

They include a review of the procedure for toxicity testing in laboratories; a scheme on a "no-fault" basis to protect the interests of patients and other volunteers who suffer harm through participating in ethical, well-conducted clinical trials of new drugs; better facilities and training for doctors, nurses, pharmacists and others involved in the conduct of clinical trials; and improved methods for monitoring marketed drugs and detecting adverse reactions.

Sir Eric Scowen, chairman of the Committee on Review of Medicines and one of the authors, considered that certain new agents might be restricted in availability until "more complete guidance, based on experience of a wider distribution than can occur in a clinical trial, can be made available."

He felt that with the rapid advances and increased complexity of medicines there "must be some doubts about the ability of one person to comprehend fully every new introduction."

Dr. James Crooks, Professor of Pharmacology and Therapeutics, University of Dundee, said: "The problem of adverse reaction must be kept in perspective. All pharmacologically active drugs are potentially capable of producing unwanted effects and this potential must be balanced against their potential for producing therapeutic effects.

"Appreciation of this by the public will avoid the emotional overtones associated with the problem and danger of inhibiting new drug development by unnecessarily restrictive pre-marketing regulations."

Crown Agents official for trial

Mr. Bernard Wheatley, 47, former money market manager to the Crown Agents, was committed for trial at the Old Bailey from Bow Street yesterday on four corruption charges involving more than £1.5m.

The charges specify that Mr. Wheatley corruptly received loans totalling more than £310,000 as "gifts or considerations" for granting loans of more than £1.5m. of Crown Agents' money to two firms.

The charges, with dates ranging from September 1969 to April 1974, name the firms as SIS (London) and Big City Finance.

Bail totalling £15,000 was renewed.

HOME CONTRACTS

Further Post Office order awarded to Chrysler U.K.

CHRYSLER UNITED KINGDOM has received a further Post Office order worth more than £2.5m., for 1,185 Dodge Spacevans. The number of Dodge vans ordered by the Post Office so far this year is 2,485, with a total value of about £5.5m.

*

SKETCHLEY OVERALL SERVICE is to supply 55,000 employees of the Ford Motor Company with free industrial clothing under a contract worth more than £700,000 a year. Each worker will receive three new overalls.

*

A. MASON, Mansfield, Notts, has gained a contract worth £725,000 for coal-fired boiler plants at Nottingham City Hospital. Work is due to be completed by autumn next year.

*

MIXCONCRETE PIPES, Chartham, Kent, has secured three orders totalling £392,000, for the supply of concrete pipes and manholes to three motorway contracts. They are for the M180 Scunthorpe Southern by-pass, awarded by Balfour Beatty/Clugston Consortium, value £221,000; the M25 Westerham to Sundridge section, from Gleeson Civil Engineering, value £160,000; and the A3(M) Horndean to Bedhampton, awarded by Gleeson Civil Engineering and worth £211,000.

*

C. A. PARSONS, part of the Reyrolle Parsons Group, has won a steel industry construction contract worth more than £300,000 from Gibbens Brothers of Brierley Hill. It involves the installation and interconnection of plant and equipment for two Coaltek coal preheaters at British Steel Corporation's iron-making complex at Redcar.

*

TAYLOR INSTRUMENT COMPANIES (EUROPE), Stevenage, Herts., has received an order for their Mod III centralised process control system from the Bowater-Scott Corporation. It will be used to monitor the de-inking process at the Corporation's new plant in Barrow-in-Furness.

*

WELLMAN MECHANICAL ENGINEERING, Darlaston, West Midlands, has secured a contract worth about £300,000 to build an ingot inverting machine, said to be the first of its kind, for the *Scunthorpe* works of the British Steel Corporation.

*

JOHN SMITH (KEIGHLEY), a Thos. W. Ward subsidiary, has won orders totalling £170,000 for overhead travelling cranes. Three five-tonne units featuring radio controlled movement are for TI Accles and Pollock of Warley and a ten-tonne crane to operate on a circular track has been ordered by Mowlem in connection with the Beckton surface water pumping station, for which it is the main contractor.

*

FERRANTI COMMUNICATION AND CONTROL GROUP, Edinburgh, has received an order worth almost £100,000 to supply the microwave relay system for Jodrell Bank's new radio astronomy installation. Two radio telescopes—one at Defford, Worcestershire, and the other at Knockin, Shropshire—will be connected to Jodrell Bank by two Ferranti Type 14000 microwave relay systems.

The Randfontein Estates Gold Mining Company, Witwatersrand, Limited

(Incorporated in the Republic of South Africa)

A member of the Johannesburg Consolidated Investment Group of Companies

Chairman's Review by Bernard Smith

The annual general meeting of the company will be held in the board room, Consolidated Building, corner of Fox and Harrison Streets, Johannesburg, at 9.15 a.m., on Wednesday, 18th May, 1977.

I have pleasure in presenting my statement for 1976, a year in which significant progress was made towards the expansion of operations to include the production of uranium oxides. Long term contracts relating to the sale of your company's future uranium production were concluded and interest free loans were arranged to finance a substantial portion of the cost of the expansion programme.

Working profit increased from R26 965 000 in 1975 to R36 836 000 in 1976.

Operations at Cooke Section

During the year 944 000 tons were milled at an average recovery grade of 16.95 grams per ton compared with 816 000 tons in 1975 at an average recovery grade of 13.92 grams per ton. The No. 1 Shaft system continued to operate at its full capacity and in addition some 5 000 tons of development ore were obtained from the No. 2 Shaft area.

Gold output increased from 11 654 kilograms in 1975 to 15 997 kilograms but the average price obtained declined from R3 437 per kilogram (US$123 per ounce) in 1975 to R3 306 per kilogram, equivalent to some US$118 per ounce, in 1976.

Although working costs increased from R14 172 000 in 1975 to R17 100 000 in 1976, unit working costs were restricted to an increase of some 7% as a result of the increased throughput. Cost increases resulted from the generally prevailing inflationary climate in the Republic which shows no signs of abating in the short term, spurred on as it has been in recent months by significant power and transport cost increases. It is anticipated that increases of this nature will continue during the year and in addition the effects of the introduction of a shorter working week in the near future could also contribute towards an increase in production costs.

Development in the No. 1 Shaft area increased from 10 028 metres in 1975 to 11 412 metres in 1976 at a slightly higher gold content. The channel width showed a significant reduction however, indicative of mining operations moving away from the composite reef horizon to more clearly defined reef channels.

Uranium values associated with the gold bearing Upper Elsburg Reef being developed at No. 2 Shaft were up to expectations. The gold content of this development is above expectations but shareholders are reminded that to date the total development on reef is somewhat limited. In all 5 037 metres was developed from the Ventilation Shaft, whilst the equipping of the Main Shaft continued. Channel widths in the No. 2 Shaft area appear to be significantly lower than in the No. 1 Shaft area.

The No. 2 Main Shaft reached its final depth early in the year and by the year end had been equipped and is now complete to 106 level. Final commissioning is expected next month.

Operations at Randfontein Section

Work towards the re-establishment of underground mining operations in the Bird Reefs commenced during the year and satisfactory progress was made in re-equipping the hoist and shaft installations of the old No. 16 and S.D.32 shafts, the Pioneer subvertical winze and main tramming level. Entry was also made into stopes which are considered viable and these were re-supported and prepared for operations which are scheduled to start in the second quarter of 1977. Preparations are also well in hand for the commencement of pumping operations to de-water the mine below 14 level. This is scheduled to commence in the third quarter of 1977.

Gold and Uranium Recovery Plants

The refurbishing and re-construction of the Millsite uranium plant was commenced during the year and extensions in the gold plant to provide a total gold and uranium treatment facility of some 100 000 tons per month should be completed early in the third quarter of 1977.

At Cooke Plant, the construction of a new 250 000 ton per month gold and uranium recovery facility is progressing satisfactorily. The first production units are expected to be commissioned early in 1978 and it is anticipated that full utilisation will be possible within six months thereafter.

Construction of the overland conveyor belt system from Cooke No. 2 Shaft to the Cooke Plant is progressing well and provision has also been made for the initial transfer of this rock to the existing railway system currently operating between Cooke No. 1 Shaft and the Millsite plant. The expected completion date for the conveyor belt system is June, 1977. Ore from Randfontein Section will be transported by rail to Millsite or Cooke plants as required.

In order to ensure that these facilities for the recovery of gold and uranium will be constructed as expeditiously as possible, the Johannesburg Consolidated Investment Company, Limited, as technical managers, formed a Recovery Project Management team, consisting of its own technical staff supplemented and strengthened by Bechtel International Limited personnel. The Recovery Project Management Group have planned, and will expedite and control all aspects of the design, engineering and construction of the gold and uranium recovery plants and the rock transport system.

Future Operations

Stoping should commence at both Cooke No. 2 Shaft and at the Randfontein Section in the second quarter of 1977. The ore from these two sources will be of a lower gold recovery grade than that presently being mined at Cooke No. 1 Shaft and a significant drop in the mine's overall recovery grade is thus inevitable. This drop in gold grade should be compensated for to some degree by an increase in the uranium grade of the ore milled. However, the total output of gold will steadily increase with mill throughput. Initially, ore from Cooke No. 2 Shaft will be transported to the Millsite plant, but once that plant's full capacity is reached the surplus production will be stockpiled at Cooke Plant to provide it with an assured supply of material at startup. The initial production from Randfontein Section will also be stockpiled. The total stockpile could amount to some 300 000 tons by the time Cooke Plant is commissioned.

Once Cooke Plant is operating at its full rated capacity of 250 000 tons per month Millsite plant will treat 100 000 tons per month of uranium bearing slimes, previously treated for gold content only. It is estimated that some 90 tons of uranium oxide could be produced by the year end.

Housing for Employees

During the year, 69 houses were erected on the company's property at Finsbury township and a further 97 were under construction at the year end. Six houses are also under construction at *Robin Park* and a further eighteen houses were purchased in other Randfontein suburbs.

The new Elangeni Black hostel, adjacent to Cooke No. 1 Shaft, is rapidly nearing completion and the first occupants moved in towards the end of January, 1977. A second new hostel, Emzini, adjacent to Cooke No. 2 Shaft, is under construction and it is anticipated that staff will be accommodated there during the second quarter of 1977.

At Bhungweni township, which is situated in close proximity to S.D.32 Shaft on the Randfontein Section, the construction of houses for married Black employees will commence this year as soon as the necessary formalities have been completed.

Capital Expenditure

Net expenditure on mining assets totalled R31 820 000 in 1976. The main items of expenditure were: Cooke No. 1 Shaft – the Elangeni hostel and underground development; Cooke No. 2 Shaft – sinking and equipping, underground development and equipment and the Emzini hostel; Randfontein Section – underground equipment and shaft installations at S.D.32 Shaft; the Millsite uranium plant; the Cooke gold and uranium plant; the overland conveyor system and mine housing at Finsbury township.

Total capital expenditure in 1977 is estimated at R96m. The estimate will be subject to continuous review according to progress made.

Finance

Deferred interest of R616 000 accruing on the State loan in 1976 brought the total amount accumulated and capitalised to R2 824 000 at the year end. In accordance with the terms of the agreement a capital repayment of R1 083 000 was made in December 1976.

The Standard Merchant Bank loan was reduced to R1 500 000 in March 1976 and the second annual instalment was paid in March 1977, leaving a balance of R1 000 000.

At 31st December, 1976, the computed unredeemed capital expenditure and allowances for taxation and State's share of profits amounted to R7 600 000 and R10 800 000 respectively and accordingly no tax liability was incurred. Having regard to these balances and to the expected high rate of capital expenditure during the current year, it is not anticipated that any tax liability will be incurred in 1977.

During the year various properties were purchased in Randfontein and first mortgage bonds amounting to R299 000 were raised.

On the 15th January, 1977, the first instalment of US$34.6m. was received in respect of the US$103.8m interest-free loan negotiated with the purchasers of the company's future uranium production. The second and third tranches will be received on or before 1st July, 1977, and 1st July, 1978, respectively.

Providing the estimates of revenue, working costs, and capital expenditure prove to be substantially correct, I am confident that your company will be able to meet all commitments from these resources, and from retained profits.

Dividends

The company resumed dividend payments in 1977. Two dividends of 100 cents each absorbing R10 827 000 were declared during the year. Having regard to the very high rate of capital expenditure planned for 1977 and to the continued uncertainty prevailing as to the gold price and expected working cost escalations during 1977, no meaningful forecast of results can be made at this time. It is the intention of your board to endeavour to maintain dividends at the 1976 level.

Proposed Acquisition of South Roodepoort

In a joint company announcement made in September, 1976, shareholders were informed of your company's proposal to make an offer to acquire all the issued shares of South Roodepoort Main Reef Areas Limited, which it did not itself already hold, for one rand per share, payable in cash.

These proposals were embodied in a Scheme of Arrangement posted to South Roodepoort shareholders in December, 1976. At the Scheme Meeting held on the 24th January, 1977, South Roodepoort shareholders rejected the proposals outlined in the Scheme of Arrangement and consequently your company was no longer bound by the conditions.

The company's interest in acquiring the issued share capital of South Roodepoort was the convenience offered by the immediate availability of a 'settled' mining community in close proximity to its own shafts. The acquisition proposals therefore had only limited appeal to your company and it was important that they be concluded without delay. Your company will now proceed to purchase and build the houses it requires and to recruit personnel in the normal way.

Uranium Sales

Negotiations with potential customers for the company's future uranium production were conducted during the year through the agency of the Nuclear Fuels Corporation of South Africa (Pty) Limited (Nufcor) and formal long term sales agreements were concluded towards the year end. The company is assured of a guaranteed base price, in escalating United States dollars, for its contractual production and in the event that world market prices during the contract period exceed the escalated base price it will receive a market related price.

As shareholders are aware the purchasers have also undertaken to assist in the financing of the expansion programme by means of interest free loans amounting to US$103.8m, payable in three equal instalments, the first of which has been received. Repayments of these loans will commence in 1980 and will be related to deliveries made in terms of the contracts.

Acknowledgements

I would once again like to record your board's acknowledgement of the vital role played by the management and staff of Nufcor in successfully concluding the negotiations with our customers and in drawing up the sales agreements.

Your board also wishes to record its appreciation of the personal assistance and co-operation it received from the President of the South African Atomic Energy Board throughout the negotiations.

In conclusion, I wish to express the board's appreciation of the excellent services rendered throughout the year by the general manager of the mine, Mr. R. D. Wolff, the mine staff, the consulting engineers and the technical and administrative staff in head office.

Johannesburg
31st March, 1977.

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NORTH SEA OIL REVIEW BY RAY DAFTER

New role for subsea services

THE OPPORTUNITIES created for a new and potentially big sector of British industry are among the less publicised results of offshore oil development. Only now is it being fully realised that the North Sea oil and gas structures, which are well on their way to making Britain energy self-sufficient within the next two or three years, will need a level of inspection and maintenance totally new to the oil industry.

Figures which have been circulating in the offshore industry suggest that over the life of North Sea oil development at least $20bn. (at current prices) will be spent to make sure that platforms, pipelines, and sub-sea well systems are safe and in good working order. Given that the world market is some five to ten times that in the North Sea, the opportunities afforded to British industry become apparent. What is more, U.K. companies have a chance of getting in at the ground floor of sophisticated offshore inspection and maintenance, for it is perhaps the one large sector of the oil industry which is not dominated by U.S. groups. In the Gulf of Mexico the need for regular inspection and maintenance has been minimal. The cost has worked out at little more than 2 cents for every barrel produced. In the totally different environment of the North Sea the cost will be nearer to 80 to 100 cents a barrel.

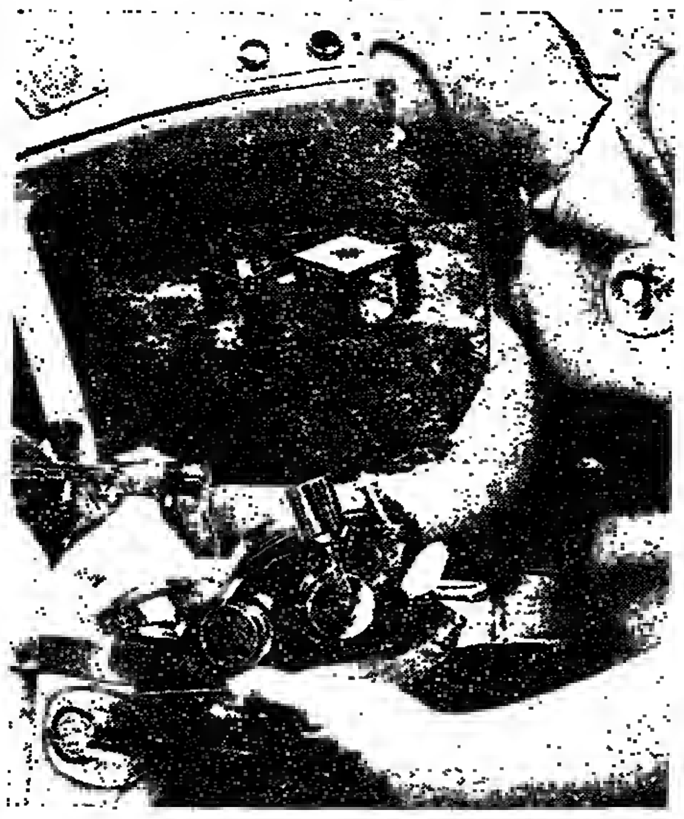
So, with the minimum of ballyhoo, a number of British companies with offshore expertise are forming themselves into consortia in order to offer oil groups comprehensive inspection and maintenance packages. The development is being encouraged by the Department of Energy's Offshore Supplies Office which is anxious to see the British content of these contracts (now about 75 per cent.) maintained as the business expands. This year the market will probably be worth around £50m. By 1980, when oil output should be nearing its peak, the annual figure could be nearer £300m. to £400m.

In a few weeks' time British Petroleum and Wimpey will formally announce the formation of a new group, an announcement timed to coincide with the Offshore Repair and Maintenance Exhibition to be held in Brighton from April 20 to 22. The two companies, which already have a strong presence in the North Sea, have formed a group called Offshore Maintenance and Inspection Services Company (OMISCO for short). They have worked together before, for Wimpey was among the contractors involved in the development of the BP Forties Field.

BP, Wimpey, and a U.S. group, Brown and Root, have also formed a consortium to negotiate a multi-million pound contract to supply offshore oil exploration equipment and technology to the Russians, illustrating how North Sea experience can provide a launching pad for export work. However, in the North Sea itself, Brown and Root has combined with the Norwegian Aker group to bid for service contracts. Another consortium pulls together the Constructors John Brown, Houlder Brothers, and the Comex diving group.

One of the first full-scale maintenance contracts to be awarded has gone to a group comprising Star Offshore, Strongwork Diving, and P & O Subsea. It will service Hamilton Brothers' Argyll Field. In view of the semi-submersible production system used on Argyll virtually all of the inspection and maintenance will be carried out under water. When set against contracts to be awarded in the big fields like Brent and Forties, the Argyll Field deal is believed to involve a relatively modest sum, at least when set against some of the contracts being talked about. But it does carry two of the hallmarks which will distinguish the North Sea servicing business.

Firstly, the work will be carried out by a group of companies or a more formalised consortium. The Offshore Supplies Office, looking at the market in five years' time, foresees the need for four or five strong consortia, each capable of handling between £50m. and £60m. worth of business a year. Secondly, much of the work will involve underwater expertise and facilities, including the support of divers and subsea transport systems. P & O, Vickers Oceanics, and British Petroleum's subsidiary, Sonarmarine, are among those operating submersible vehicles.



A diver approaching a North Sea oil rig: U.K. companies have a good chance of developing sophisticated offshore inspection and maintenance services.

Recognising the market potential, the National Enterprise Board has also become involved. With the Peckston Group, of Middlesbrough, the NEB has bought a major stake in Sub Sea Surveys (SSS) of Barrow-in-Furness, which operates a remote controlled unit developed by the British Aircraft Corporation at Filton. The NEB which, like Peckston, has bought a 45 per cent. stake in SSS at a cost of £50,000, claims that the subsea system is the most advanced available.

Be that as it may, there can be little doubt that the diving groups will play a growing role in the servicing and maintenance of offshore structures. That raises a problem given an airing this week by a newly formed Divers' Action Committee. The committee, which claims to represent between 1,200 and 1,500 North Sea divers, is protesting against a move to make divers liable to tax under the PAYE system. It says that a large number of divers will leave the U.K. sector of the North Sea rather than give up their self-employed status. As Mr. Malcolm Tooke, one of the committee members, commented: "Companies will be faced with having to employ less experienced help, perhaps resulting in a rise in the accident rate and a prolonged development of the North Sea fields." Certainly divers will become even more valuable as the statutory requirements for regular inspection and maintenance begin to take effect.

All the structures in the North Sea must be regularly inspected and re-certificated. It is a sobering thought that if the industry were asked to-day to provide the level of service that will be required to cover all the structures in place in 1980, the U.K. underwater engineering capacity to inspect, maintain and carry out repairs would be grossly inadequate. Government estimates suggest that the British subsea service industry could cope with only 25 per cent. of such demand. As it is, companies are now only beginning the methodical inspection of the 22 structures currently in position in the northern sector of the North Sea.

It is the subsea inspection and maintenance business which will really test the ingenuity and capacity of the servicing industry. This market alone could be worth between £55m. and £125m. in 1980. The next biggest sector will be the maintenance of platforms, structural life support facilities and safety equipment. One estimate of this market puts the range at between £35m. and £60m. by 1980.

The maintenance of production equipment could cost the oil industry a further £23m. to £60m. annually although this upper limit is very much an unknown quantity. Operators have still a sketchy idea about how much well maintenance will be required; some have suggested a well work-over every three years; others say once every 15 years will be sufficient.

When all of these, and other maintenance programmes, are pulled together operators soon realise that with a reasonably-sized field they could face an annual servicing bill of well over £20m. on average. On top of it there will always be unplanned repair bills. Even last year, when oil was only dribbling ashore, some £25m. was spent on ad hoc repairs. Shell-Esso's Auk platform was damaged when struck by a supply vessel, for instance. BP has had riser problems on Forties Field. Mobil's Beryl Field had a well control system damaged by a trawler anchor. And there have been a number of hose changes on offshore loading buoys.

In addition there have been a number of instances of premature corrosion, providing further proof of the importance of regular inspection and maintenance.

The learning curve has become apparent in almost every facet of offshore oil operation, none more so than in the area of planned servicing. Events have shown that in the rush for oil some of the fundamental design aids to inspection and maintenance may have been overlooked. In the case of some of the platforms it will be extremely difficult, if not impossible, for divers to inspect all of the leg sections. It has also become apparent that there needs to be a more informative, less confusing system of numbering on the underwater parts of many structures.

Mr. Peter Thornton, supervising engineer with Comex JB told the Underwater Maintenance of Steel Platforms Conference in London last month that some of the concrete platforms had a surface area equivalent to 12 to 14 acres. "That's equivalent to going to Heathrow Airport with a flashlight one night, finding a crack in the runway, going back the next night, finding the same crack, and filling it in."

Full-scale inspection and maintenance of offshore structures will test the ingenuity of the British service industry. But if the supplies of all-important North Sea oil—their importance stressed again this week in the Chancellor's Budget speech—are to be fully protected, then it is an aspect of oil development that cannot be taken lightly.

BOND DRAWING

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● METALWORKING

Bandsaw to cut with precision

METAL removal rates better than 130 square cm. per minute for a group of ferrous metals are reported for a fully-automatic bandsaw intended primarily for cutting large solid materials but also eminently suitable for work on bundle cutting of small diameters and sections.

It has a narrow blade of only 1.3 mm providing cutting times in some cases better than with cold sawing.

Component cut-off length is controlled by a feed-vice, set by push-button on an electronic console and checked to within ±0.1 mm. The digital readout has equipment that accurately sets the first billet length relative to the blade position.

Design of the drive wheels is such as to eliminate twist from the blade and maximum tension on it can be maintained so that accuracy of cut and squareness is of a very high order.

More on the Kasto bandsaw from Rivers Machinery, Winnall, Winchester.

● HANDLING

Lifting the heavy loads

EURO RANGE lift tables are for heavy-duty materials-handling, freight-handling, and work positioning applications. Standardisations and large scale flow-line production give cost and performance benefits. Delivery of standard units is normally ex-stock and the new range is covered by a two-year guarantee.

Capacities of ½, 1 and 2 tonnes are available with lifting heights of 800, 1,000 and 1,300mm. Standard platform widths are 750, 1,000 and 1,250mm. Other sizes can be made to special order.

All the safety requirements of the British Code of Practice 5323:1976 are met and often exceeded. Among characteristics unique to the EURO range are the all-round safety ledges which prevent the lift from closing on any object under its edge and leave no gaps to trap fingers. The obligatory pipe-break valves (which arrest descent should an accident cause loss of oil pressure) are now integral in the hydraulic cylinders for greater safety.

Built-in hinged chocks can support the raised table safely, allowing service work underneath, while a panel in the platform top gives access to the hydraulic units when the table is lowered.

Trepel, New Road, Sheerness, Kent ME12 1NB. 07956 4581.

● RESEARCH

New underwater vehicle

JOINING in the battle for a share of the fast-growing market for exploration vehicles to be used under the North Sea and elsewhere is the National Research Development Corporation which is backing a development at the Robert Gordon's Institute of Technology, Aberdeen, of a towed submersible to carry sonar, underwater TV and other sensing and surveying devices.

The NRDC is seeking a licensee to make the unit and will be facing active competition with British Oxygen, which is developing a submersible with Department of Industry support, and with BAC which has been developing and operating the Consub vehicles. There are also the Vickers Pisces machines and various other underwater craft or devices from builders outside the U.K.

The new vehicle, brainchild of W. G. Edwards, who is a lecturer on offshore engineering at the Institute, has the appeal of great simplicity. It can be brought to the surface without winching and is raised from its operating depth by a device called a MagnOs rotor. This consists of two cylinders, one on each side of the fish, spun by an electric motor and generating a thrust proportional to rpm and also providing a stabilising effect.

The Magnus effect is a combination of the rotation and of forward motion which results in the speed of the fluid over the top of the rotor being higher than that on the lower side. Where total energy is unchanged, any increase in the velocity of a stream of fluid results in a drop in pressure. There is thus lower pressure above the rotor than below it and henceforth a thrust tending to lift it towards the surface.

The depth at which the fish is towed can also be determined by use of the rotors instead of by towing speed and cable length.

Demonstration of the principle has taken place with a prototype, provisional patent application has been filed and development work is continuing towards an operational version of the unit.

NRDC, attention David Anderson, Mechanical and Civil Engineering Group, Kingsgate House, 66, Victoria Street, London, SW1E 6SL. 01-828 3400.

Leaf power study

PHOTOSYNTHESIS harnessed to produce power for human needs directly from sunlight has come a step closer through work at Argonne National Laboratory in the U.S. But developers there think they may still be some 10 years away from practical realisation.

Argonne scientists have built a piece of equipment that uses a synthetic chlorophyll to imitate the way this plant substance converts sunlight into electrical energy, drawing on 15 years of study at Argonne of the process by which green plants take power to grow from light.

Without going into the extremely complex chemistry of the Argonne device it is possible to say that it is a synthetic leaf made up of two glass cells each with an electrode, separated by a membrane which is a plastics film or a metal foil bearing the chlorophyll and water photo-active medium. In one cell there is a chemical mixture which is capable of giving up electrons and in the other one which readily accepts them.

In test units, a potential of half a volt across the membrane has been obtained when light is allowed to shine on it.

Work has been continuing along the lines of making compounds which more closely approximate active chlorophyll in the hope of increasing the voltages from the cells.

Argonne National Laboratory, Argonne, Illinois 60439, U.S.

● ENERGY

Shell goes for RB211

MAINTAINABILITY and high power have secured a contract with Shell for the installation in Canada of a 30,000 bp industrial RB211 engine to be used to power a big gas compressor, by Dresser Clark.

First RB211 bought by the latter, it is also the first industrial gas turbine to be ordered by Shell for its North American operations.

Installation is for early 1978 at the Shell Resources gas processing plant at Waterton, Alberta. Fuel will be natural gas taken directly from the plant the engine is driving.

High economy and a building-block approach to design which make maintenance so much simpler are two of the reasons why seven of these powerful units have already been placed with oil and gas operations and why many more potential purchasers are discussing installations.

Dresser and Shell already have considerable experience in operating with the smaller Avon from Rolls-Royce. Dresser having the units in gas pumping stations in North America, the Middle East and on offshore units on Lake Maracaibo. Shell has installed them in Britain, on North Sea rigs, in South America and in the Middle East. In the latter area, one Avon has just been taken out of service after 37,000 hours operation.

More from the company on 0203 613211.

● COMMUNICATIONS

Main talking points

TELETRONICS is offering a new National Panasonic intercom that offers point-to-point communication through a building's existing mains electricity supply.

The new intercom, Model VK-233, requires virtually no installation effort and no wiring. Installation is a matter of fitting a plug and connecting it to the mains; the unit can be set up wherever an ac mains supply is at hand. Once installed, it communicates to its twin unit through the mains—the second unit can be anywhere within the same electricity phase (normally, within the same building).

Simplicity of installation is matched by mobility; the VK-233 can be taken from room to room with no more effort than unplugging it and plugging it in again, and each unit weighs only 21 ounces.

This FM wireless intercom provides exceptionally clear voice communication, free from line noises.

The two units in the system are masters, not a master and "slave." Each has four simple controls; a combined power on-off and volume control; a tone switch, to call the other unit, a talk switch that the user depresses when speaking; and a talk-lock control that saves the user from having to hold down the talk switch when speaking at length.

Teletronics, 9 Connaught Street, London W2 2AY, 01-723 7443.

● SECURITY

Bluffing a shop thief

ANTI-PILFERAGE closed circuit television dummies with applications in all types of retailing have been designed by Volumatic.

As effective as live CCTV in cutting shoplifting losses—the company asserts—at a fraction of the cost and with no maintenance problems, Volumatic simulated CCTV cameras look like the real thing. Each is fitted to a wall mounting bracket, has a random side-to-side scanning movement, and is driven electrically by normal mains power supply.

Cost of the "cameras," which are subject to a one year guarantee is £40 each plus VAT and carriage.

Volumatic, Taurus House, Kingfield Road, Coventry.

● MATERIALS

Italian additives for paint

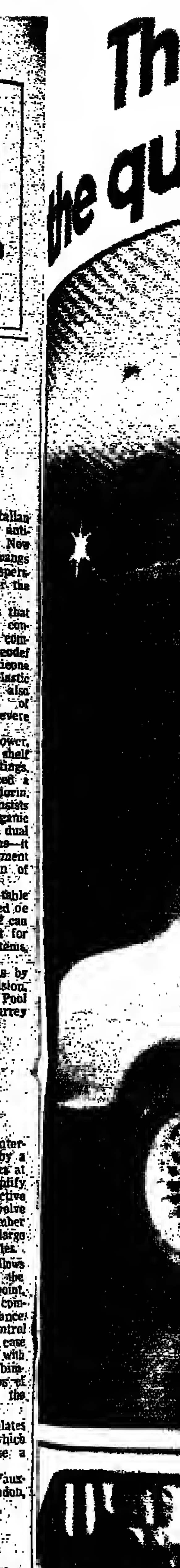
SUPERCOLORI IS an Italian company which produces anti-settling agents for paint. Now it has introduced a further range of products—defoaming, dispersing and wetting agents—for the surface coating industry.

To tackle foam problems that do not respond well to conventional defoamers, the company has developed Neodef 2000, which is a non-silicone base for water paints and plastic wall coatings. It has also developed three grades of defoamers for less severe problems.

To improve covering power, colour development and shelf stability of water based coatings, the company has introduced a dispersing agent called Diorin. A pale yellow liquid, it consists of a combination of inorganic and organic salts giving a dual action in aqueous systems—it wets the surface of the pigment and prevents agglomeration of the particles.

In addition to being suitable for use in water paints based on vinyl and acrylic, Bamax A2 can be used as a wetting agent for water soluble synthetic systems, primers and enamels.

Marketing in the U.K. is by Jacobson Chemical Division, R. S. Stokvis and Sons, Pool Road, East Molesey, Surrey (01-941 1212).



● COMPUTING

Conversion at Health Service

TWO YEARS' work on the conversion of System-4 equipment at the Department of Health and Social Security has culminated in a decision that ICL's New Range equipment will do the job and an order for at least £4m. worth of equipment has now been placed.

A first 2980 with a wealth of peripheral equipment will be set up at Newcastle in June and the second will follow at the new Washington site in January next year.

Each will have 2½ Megabytes of main store, two 6 Megabyte fixed head discs, 1,600 Megabytes of exchangeable store and 24 tape drives with other slow peripherals and communications sub-systems.

Systems development and conversion work has been in progress on a 2970 for some time and this equipment will be upgraded to 2980 standards.

Applications will include the payment of 9m. retirement and widows' pensions, weekly payments to 7½m. child benefit recipients and the preparation of a host of Department statistics.

All the work will be carried out in Cobol and the communications systems, initially to be used for program development, will be capable of extension to support terminals at various locations in the country.

Finding the weak spot

ISPICE is a computer aided design (CAD) program which adds to lay-out worst case analysis and helps the design engineer to pinpoint critical areas and measure their impact on the performance of complex electronic circuits.

Available through the computer network of CSS International, it was developed by a team of electronics engineers at the parent NCSS to simplify design and analysis of active circuits which may involve virtually an unlimited number of components or a large number of non-linear variables.

The worst case feature allows one step computation of the worst case operating point based on user-designated component value spread of tolerance. The ISPICE interactive control structure allows worst case analysis to be performed with respect to any or all combinations of elements or groups of elements as required by the user.

Worst case capability calculates the d.c. operating point which will minimise or maximise a circuit voltage or current.

CSS International, 232, Vauxhall Bridge Road, London, SW1V 1AU. 01-834 2223.

● SERVICES

Avoiding stoppages

HIGH PRODUCTION plant in a number of areas of manufacturing is so expensive that any interruption in its round-the-clock operations is a matter of major concern for management.

Demand for expert services to cope with urgent repairs/remedial action is growing all over the world and prompting a rapid expansion in the "fire-brigade" work carried out in many countries by Babcock and Wilcox (Operations).

With 80 graduate experts in quality control alone at its beck and call, the service is able to tackle this type of work, dovetailing with non-destructive testing; welding production, as well as training and testing; and construction and lifting technology.

The intention is to expand and develop these services and also move into new areas including handling and electrical supply.

One area of particular importance, because of the size of tankers and of the new container vessels, is the company's service for repairs at sea on any type of boiler in any kind of vessel with repair squads on call to fly out with their equipment on short notice.

The company has been called in to cope and get plant back on stream by doing on-the-spot repairs in a number of plants including some in South America where the suppliers of the original plant were in favour of a replacement job which would have cost very much more, and more importantly, have taken many months to complete.

Key to the service is the way in which the various types of expertise are integrated so that no job is ever tackled in isolation. This stems from years of experience on some of the world's most critical engineering tasks.

More from Babcock and Wilcox (Operations), Construction Division, Renfrew PA4 8DH. 041-886 4141.

● INSTRUMENTS

Rinse water economies

WIRA has an instrument that allows the amount of water used in textile washing and rinsing processes to be minimised with a consequent saving in supply charges.

Autorinse will ensure that the rinsing process stops when the required degree of cleansing is reached, whereas timing sequence or operator control tend to allow the process to run longer than strictly required.

It operates by comparing the optical density of the effluent from the rinsing process with that of the water being used for rinsing. When the difference falls to a pre-set value the rinsing is stopped.

WIRA says the prototype instrument will save both water and time. It is the subject of a patent application and is being offered to companies who are interested in applying it in their processes.

WIRA, Headingly Lane, Leeds LS16 1BW. 0532 758071.

● AUTOMATION

Checks the NC tape

OFFERED BY Ultronic Data Systems is the UDS-Ricoh trace checker designed to verify numerical control tapes and to complement the company's existing tape preparation unit.

Simulating the two-dimensional movement of a machine tool such as a lathe, the unit plots the cutter path on paper according to the data recorded on the tape. Operating in either ISO or EIA mode from eight channel paper tape, it plots the component profile. The trace depicts each cutting stroke and differentiates between roughing, semi-finish, finish, and tool changes, and also shows feed movements and rapid traverse.

Thus only good tapes need be run on the machine tool; programming errors being easily corrected beforehand away from the shop floor. Apart from preventing wasted time, the unit reduces the risk of damaging expensive workpieces. More from 3, Jefferson Way, Thame, Oxon OX9 3SU (08442 3151).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

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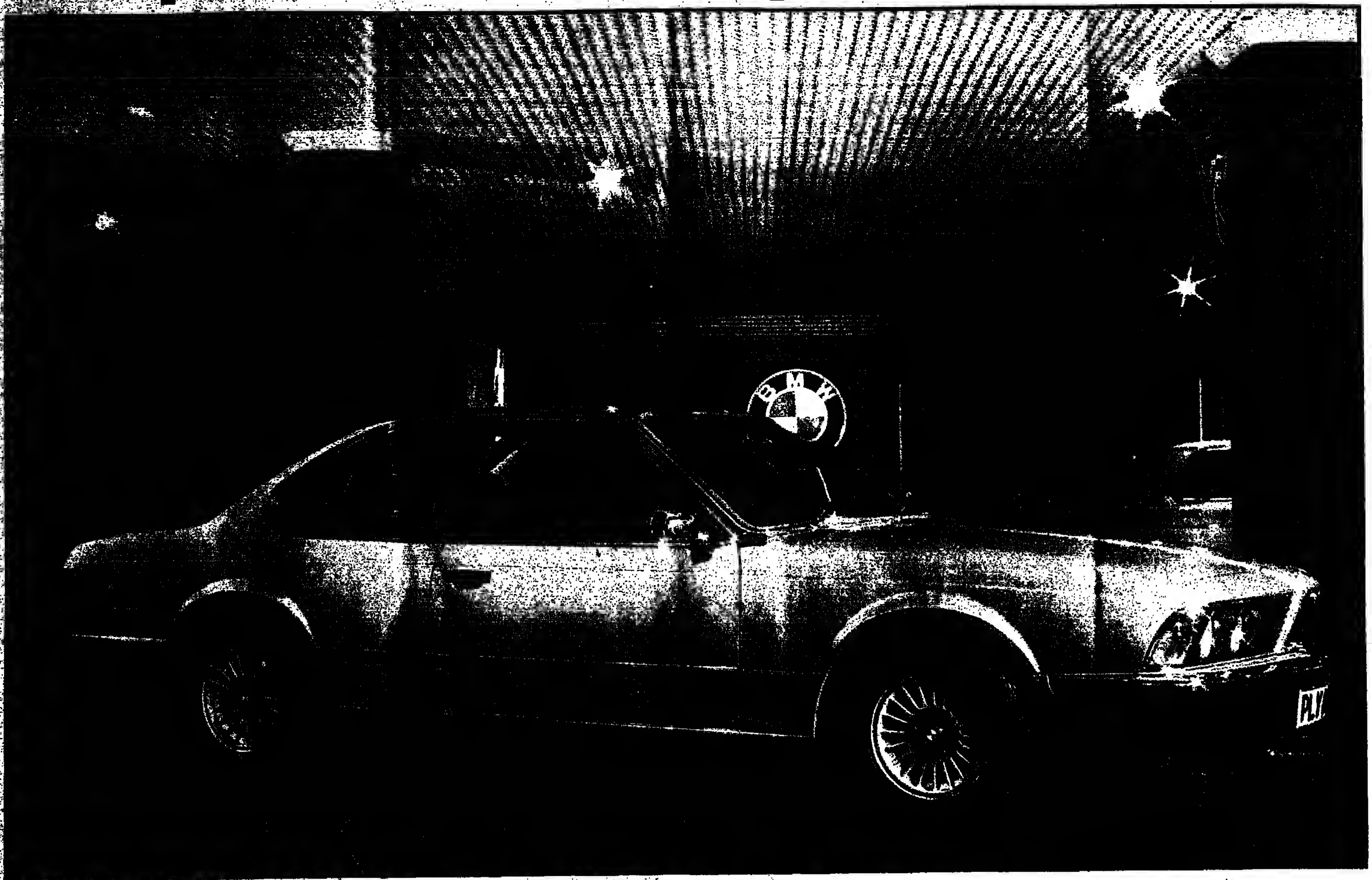
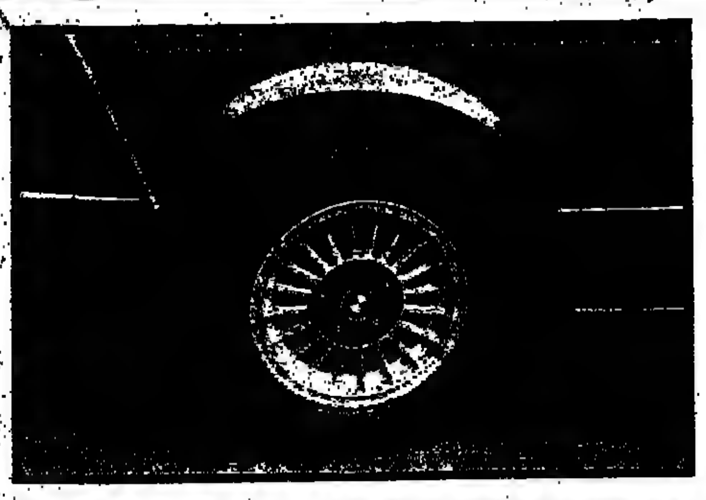
The new BMW 633 Coupé reflects the qualities that make people successful.



The 633 Coupé will inspire its owner with a very particular feeling and a reassurance that even in these difficult times things could be worse.

There are several reasons for this. The Coupé has a unique style, an elegant look of purpose and power. The 3.3 litre, six cylinder engine produces 200bhp. Maximum speed is 134mph. Yet the ride is so effortless that even when the Coupé is being driven fast all you're aware of is the ease with which the power is handled.

Unlike some cars called 'Coupés' the 633 has room to spare for four adults. The leather and velour seats are biomechanically designed for comfort and real support. The front two are not only adjustable for angle and reach but also for height. This ensures that there's plenty of legroom available in the back.

Detailed attention has been given to the driving position. As with the seat, the steering and pedal positions are adjustable. The control panel 'wraps around' the driver to give the quickest and easiest display and operation. All round visibility is excellent. The feeling the driver has is one of complete command of car and road–a feeling justified by the car's performance.

The balance of speed, handling and comfort is complemented with features like speed-related power steering, electric windows and mirror, tinted glass, head restraints and automatic or manual transmission as standard.

The Coupé also incorporates several highly sophisticated safety systems such as the driver's safety check panel, where at the press of a button he can check on seven major safety functions of the car. If the worst should happen the Coupé will absorb impact energy in a pre-planned way to give maximum security.

However the main safety feature lies in the car's immediate and exceptional response to the driver. This gives more options in critical situations.

All these factors ensure that the Coupé succeeds in its ultimate purpose–to make every journey fast, safe and effortless to a degree never achieved before. They also make the Coupé one of the world's most pleasurable cars to drive.

So when you next see the BMW 633 Coupé, you might recall the old adage that nothing succeeds like success.

Specification Resumé For Manual Version.
BMW 633 CSi Coupé. Engine 3210cc, six cylinder, fuel injected producing 200bhp.
Performance: Maximum speed 134mph. 0-60 in 7.6 secs.
Petrol consumption: 26mpg (28mpg at constant 62mph).

Price.
£14,799 (Manual or automatic. Price correct at time of going to press)

For the joy of motoring.

BMW Concessionaires GB Limited, 991 Great West Road, Brentford, Middlesex. 01-568 9155. Export, NATO and Diplomatic: 55 Park Lane, London W.1. 01-629 9277.

BOOKS

Ego trip

BY C. P. SNOW

Christopher and His Kind: 1929-1939 by Christopher Isherwood. Eyre Methuen, £4.95. 251 pages

Recently Mr. Christopher Isherwood gave an attractive and effective television interview, in which he revealed a personality unassuming, amusing, idiosyncratic, a personality which has won much affection from those who know him. It would be false to conceal that such a personality only partially coincides with that which emerges from this slice of autobiography.

Christopher and His Kind covers only ten years, from the time when Isherwood first went to Germany up to 1939, when he and Auden had decided that they had had enough of anti-Hitler causes in Europe and would take no part in the coming war—the exodus to New York which Evelyn Waugh mocked with merciless irony in the figures of Parsnip and Pimpernel. Most of us are not, and were not, such free agents as Auden and Isherwood were, and it doesn't come well for us to judge. Maybe it was permissible for Waugh, who was also a free agent and who chose to fight with preposterous courage in a war in which he didn't believe.

Isherwood's piece of autobiography is, as one would expect, precisely and often subtly written, with the personal impact which earned him the reputation he deserved. It is understated and self-deprecatory in his familiar fashion; but there is a tone, as it were under the understatement, which is disconcerting. It is singularly—what can one say?—boyish for a man in his seventies, or for a man grown up at all. More than boyish, it often signals a regression to that scarcely pubescent prep-school secret-sharing which is, for nearly all foreigners and for a good many English people, a tiresome intrusion into a whole generation of English writing. It suggests a youthful self-concern, or even more self-love; and this doesn't fit a man in other respects prepared to lose himself in others.

The trouble seems to be that the book is, underneath the quiet banter, a manifesto. And manifestoes aren't really made for Isherwood's literary idiom. Nevertheless, here he has set out the text of his own crusade. The book begins with Isherwood going to Berlin in search of boys. Just for that and for nothing else. The book ends with the boat drawing near to New York and the author making the pronouncement: "Christopher had taken longer than Wystan to become aware of his own change of attitude [to political causes for which they had both been spokesmen] because he was embarrassed by its basic cause: his homosexuality. He became defiant when he made the treatment of the homosexual a test by which every political party and government must be judged."

He may have been embarrassed, but it didn't stop him using that test, and it hasn't stopped him since. This book is as unqualified a witness (as our religious ancestors would have called it) for homosexuality as any in existence. Non-homosexuals are referred to as The Others. That really is going a bit far. Isherwood, who is clever and perceptive when liberated from his mission, must know as well as the rest of us that, in the spectrum of sexual temperament, such a neat categorisation is plain foolish. There are as many varieties of homosexual impulse as there are of heterosexual: and some lead far nearer to heterosexual temperaments than, so far as one can judge, to Isherwood's.

Reading through this book, I couldn't help recalling a controlled but somewhat fatigued voice of an acquaintance a good many years ago: "Of course, I don't mind taking homosexuality as in the nature of things. But I do mildly object when people seem to want to make it compulsory."

It is instructive to compare Isherwood's work with another study of a predominantly homosexual ambience, Cole Lesley's *Life of Noel Coward* (1976). There is no question which is the less blinkered. True, the Coward intimate circle had its own regression into infantile word-play (love talk of any kind is tolerable only to those taking part), but on the whole they took their taste for granted, with dignity, neither feeling persecuted themselves nor wishing to persecute others.

The main lesson of *Christopher and His Kind* is that, even with the utmost literary tact, of which Isherwood usually has plenty, it is nearly always a mistake for a writer to produce an autobiography. In their creative work they tend to appear rather better and wiser than they are. In autobiography considerably less. It is hard to think of an example to the contrary, except deliberately composed fragments such as Maugham's.

This book has one feature which is possibly unique. It is written in no less than three forms of the first person. The main narrative is carried by Christopher, who tells the story as himself, in the standard third/first person. From time to time "I" takes a hand, who is the Isherwood of later years. Not content with that, Isherwood also involves the "I" of the Berlin books, Mr. Issyvoo, who makes interventions in his own first personal voice.

Terry Kirk

Christopher Isherwood: himself when younger

Secret victories at sea

BY ZARA STEINER

Very Special Intelligence by Patrick Beesly. Hamish Hamilton. £5.95. 271 pages

This is a gripping, clear and balanced account of the Admiralty's war-time Operational Intelligence Centre which supplied the British Navy with the vital information needed to defeat Dönitz and Räder. By plotting and predicting the movements of German ships and U-boats, the OIC, once the German naval ciphers had been cracked, could send reports to the Admiralty and vessels at sea and re-route convoys out of the reach of Dönitz's deadly "wolf-packs."

Like so many other war-time successes, the OIC had a short history. Though its founder, Vice-Admiral Sir Norman Denning, learnt from the experiences of Room 40 during the First World War, he and his one assistant in 1937 only gradually built up a unit which could collect, co-ordinate, analyse and dessiminate intelligence to the Fleet. During the first 12 months of the war, though Denning's organisation was in existence, there was little information on which to act. It was only when the cryptanalysts at Bletchley Park (BP) began to read some of the German naval ciphers after recovering a Naval Enigma machine in May, 1941, that "special intelligence" began to flow into OIC.

Though cryptanalysts played little part in the sinking of the Bismark, the successful campaign against the U-boats, particularly between January and May, 1943, when the Battle of the Atlantic reached its climax, owed much to the painstaking work and predictions of Rodger Winn, a former barrister with an uncanny ability to anticipate Dönitz's reactions, and his Tracking Room, one of the sub-divisions of OIC. These men, along with their American and Canadian counterparts, managed to successfully re-route some 60 per cent. of all scheduled North Atlantic convoys between May of 1942 and the following spring when Dönitz unleashed the full strength of his submarine forces. Only 16 convoys in this period lost more than four ships. The life-line to Britain was kept open and an invasion of the Continent became a practical possibility.

Mr. Beesly, who served in the OIC, has based his account on interviews with Denning and other participants and on the remaining papers of the organisation now housed in the Public Record Office. The story is far from complete. Considerable light is thrown on the structure and working of the OIC which operated as a close-knit team but Mr. Beesly naturally highlights its key figures (Denning and Winn) and its more spectacular successes and failures.

Little can yet be said about the workings of BP whose success with the German ciphers enabled OIC to read the signals exchanged between Dönitz and his U-boats. The intelligence process was a complicated one and failures could occur at every stage. It took time to crack the codes which were changed daily; delays of 4 to 48 hours could occur making it difficult to give precise information to men at sea. There was a "black-out" on special intelligence through most of 1942 when the BP cryptanalysts were unable to crack "Triton" the Atlantic U-boat cipher and the Tracking Room was forced to depend on "working fictions."

The Germans had their own successes; B. Deinst (German Naval Intelligence) deciphered Allied routing instructions well into 1943. Each side assumed that their machine ciphers were safe from enemy penetration. Fortunately, the Germans persisted in this illusion longer than the British who changed their whole system in June 1943. There was no simple correlation between correct prediction and operational success. Mr. Beesly goes into the details of the P.Q.17 tragedy and shows how, despite an inspired guess by a young, resourceful recruit in the Naval Section of BP, Harry Hinsley, and a correct analysis by Denning, Sir Dudley Pound, the First Sea Lord, disregarded OIC advice (admittedly based on negative rather than positive intelligence), made an incorrect decision and gave the wrong, fatal orders.

Each side had moments of bad luck. Despite intelligence warnings and preparations, the Germans were able to successfully move their Brest squadron to the North Sea right through the English Channel. But the Germans too made bad mistakes as in December 1943 when a combination of unfortunate circumstances, intelligence leaks and poor judgment resulted in the British sinking of the Scharnhorst. In reading this book, one has a sense of opponents of almost equal cunning. Did Dönitz owe as much to the cryptanalysts at B. Deinst for his success between 1941 and 1943 as the Admiralty did to OIC and BP in the subsequent period? Intelligence coups and technical innovations on both sides kept the struggle going despite the overwhelming odds against a German naval victory after the summer of 1943.

The Allies were faced with the amazing German ability to increase U-boat production despite continuous and heavy bombing and the capacity of their technicians to develop such machines as the schnorkel submarine which became operational in 1944.

What distinguishes this account from the recent flood of intelligence "thrillers" is not only Mr. Beesly's more authoritative sources of information but his sense of proportion. How much difference did the activities of OIC and BP make? The author rightly dismisses recent accounts which imply that the cracking of the German codes was the critical factor in the German defeat. Intelligence did not win the war or lose it. The OIC played a critical role in the Battle of the Atlantic but Mr. Beesly suggests that its Tracking Room and Trade Routing Department, backed by BP, probably only tilted the balance in the Allied direction. Victory at sea would have come without special intelligence though at a far higher cost in human and material terms. The U-boats were defeated because the Allied forces were equipped with a sufficient number of ships and aircraft supplied with the right weapons, particularly 10 cm radar.

If BP had failed to read the German ciphers, it would have been far more difficult to evade the wolf-packs and to sink the U-boats. Delays in winning the Atlantic struggle would certainly have meant a different timetable. The same is true of Allied triumphs, based on intelligence (and not just special intelligence) in other waters and against capital ships as well as U-boats. It is essential, however, to get the intelligence factor correctly placed in the overall equation. Far more can be learned from Mr. Beesly's careful, but never dull, account than from most of the studies now available to the general reader.

Fiction

When love flies in

BY ISABEL QUIGLY

Reunion by Fred Uhlman. Collins/Harvill, £2.50. 112 pages

The Passion of New Eve by Angela Carter. Gollancz, £3.95, 191 pages

The Demon by Hubert Selby. Marion Boyars, £4.95, 312 pages

Enough Blue Sky by Elizabeth North. Gollancz, £4.20. 190 pages

Reunion is the story of a friendship between two boys of 16, its development and loss, the world and circumstances that kill it. It might be called a love story, since love—an enduring passion that diminishes all those that come after it—is certainly there; but it is love without physical expression, without conscious sexuality: in a sense, the perfect love of a schoolboy romance like "The Hill," where the death of one boy comes as the only solution, the only outcome of an unfulfillable passion; in another, the intense, unconsummated love for beauty described in "Death in Venice," where the pair meet only through their eyes, and substance and accidents, as in art, are fused and interchangeable.

The narrator, Hans Schwarz, is living in Stuttgart in 1932, only son of a Jewish doctor whose family have been established there for 200 years, when an aristocratic boy of extraordinary beauty and charm, Konradin von Hohenfels, comes into his class at the old grammar school he attends. Much of Konradin's charm lies in ancillary qualities such as the glamour of his family, the famous, almost royal ancestors and connections, the signs of distinction in everything he has and uses. Hans is spellbound, determines to become his friend, and does so.

For months they spend all their time together, walking and talking, sharing ideas and interests, comparing their collections and treasures. But Hans never meets Konradin's parents, is asked to his house only when they are out, and when once the two families happen to meet at the theatre, Konradin nods distantly and hurries on. To his hewildered, indignant friend he explains later that he has done it only to save him from pain, since his Polish mother is deeply anti-semitic.

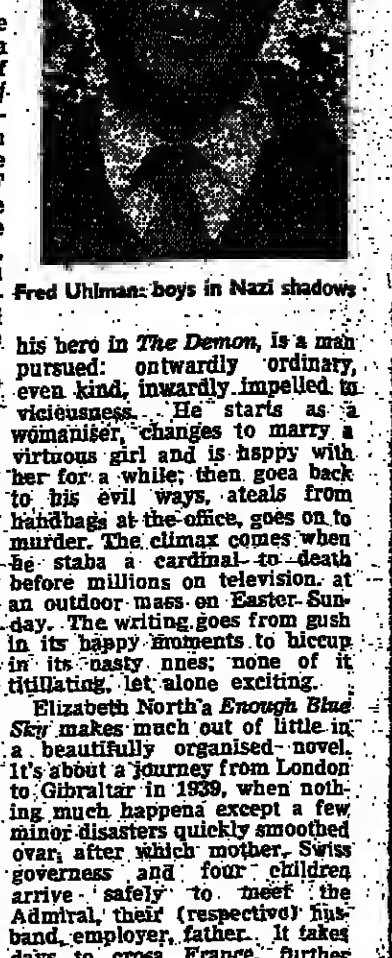
Soon afterwards the von Hohenfels meet Hitler, and Konradin declares himself, in a letter to Hans, "carried away by the sheer power of his conviction, his iron will, his demonic intensity and prophetic insight." Hans's parents send him to relations in America to escape what is clearly coming, and themselves commit suicide together when it comes. The reunion of the title comes in the very last line: a *coup de théâtre*, but wholly convincing; a satisfying surprise (though in no way a gimmick) at the end of a masterly novella, which never puts a foot wrong in matters of tone and feeling, reticence and timing.

"I have found a landscape that matches the landscape of my heart," says the hero/heroine of Angela Carter's new novel, and it might stand for any of her books, all of which provide a vivid physical world to match the psychic world she conjures. She is so dazzling a writer that it would be a pity if the slotting of *The Passion of New Eve* into Gollancz's "Fantasy and the Macabre" section were to confine it to the Science Fiction shelf, lost to all but SF addicts. It's an ambitious piece of myth-making set in a future world not too far from to-day's, in which ancient and modern myths combine to form new patterns of sexuality, and a world of new yet highly recognisable forms and appearances.

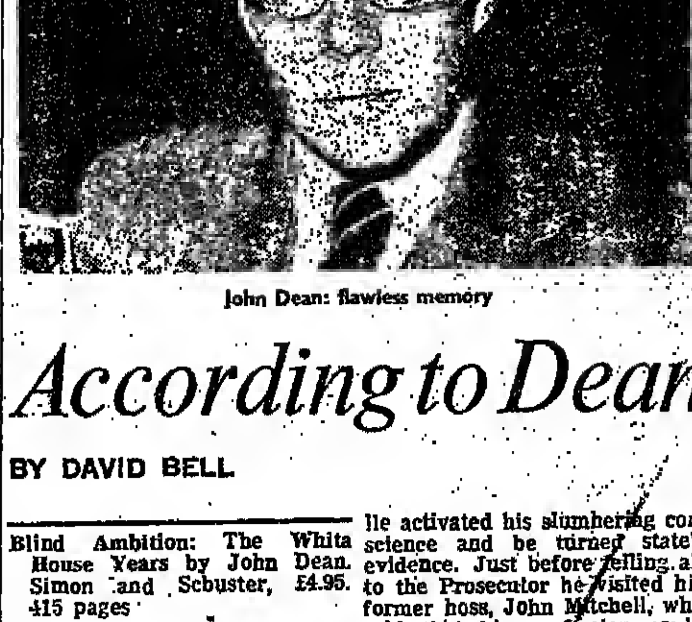
Evelyn (male) is turned into Eve by a commune of Amazons, meets Tristessa, an aged film star who in spite of appearances turns out to be male, and through the fast action the half-familiar faces of modern myth-figures peer out, disguised, vamped and criss-crossed: Manson, perhaps, and Garbo, Fellini figures of various kinds, the pop world and the film world. Because she writes with such vigour and beauty, such authority and panache, never with vulgarity, Angela Carter can be highly explicit; wounding, as a poet may be, in a salutary way.

Luck brings me, in the one week, an outstanding erotic novel and, for contrast, a poor one that shows how the difference between the offensive and the acceptable is mainly a matter of literary quality. Hubert Selby wrote *Last Exit to Brooklyn* and if it hadn't been prosecuted we surely shouldn't have heard much about him; for he's a weak writer, using words in a way that's both sentimental and violent, without humour or skill, and the use of a violent story in no way strengthens him. Harry, his hero in *The Demon*, is a man pursued: outwardly ordinary, even kind, inwardly impelled to viciousness. He starts as a womaniser, changes to marry a virtuous girl and is happy with her for a while; then goes back to his evil ways, steals from handbags at the office, goes on to murder. The climax comes when he stabs a cardinal to death before millions on television at an outdoor mass on Easter Sunday. The writing goes from gush in its happy moments to hiccup in its nasty ones; none of it titillating, let alone exciting.

Elizabeth North's *Enough Blue Sky* makes much out of little in a beautifully organised novel. It's about a journey from London to Gibraltar in 1939, when nothing much happens except a few minor disasters quickly smoothed over, after which mother, Swiss governess and four children arrive safely to meet the Admiral, their (respective) husband, employer, father. It takes days to cross France, further long days across war-torn Spain, Mademoiselle has moods and Pru, aged 15, thinks about men and about Miss Bridges, her English mistress.



Fred Uhlman: boys in Nazi shadows



John Dean: flawless memory

According to Dean

BY DAVID BELL

Blind Ambition: The White House Years by John Dean. Simon and Schuster, £4.95. 415 pages

There have already been a lot of Watergate books and more are promised, but it is unlikely that any will be quite so illuminating as this one by John Dean whose flawless memory provided so much of the ammunition that fatally wounded Richard Nixon.

They are all here—the characters that became so familiar during the Watergate hearings when Dean's meticulous mind spewed out fact after incriminating fact. From the inside, he catches brilliantly the creeping erosion of the arrogant confidence that followed the 1972 Watergate burglary.

Then follows the cover up, the mounting fear inside the White House and the jockeying for position, the disintegration of Nixon under the strain. He describes his own approach to the prosecutors, their suspicion of him, his own loathing of himself after days of Senate testimony. He writes of the legal limbo in which he found himself until he was sent to gaol. When asked by a fellow prisoner from the Mafia, how he got so far so fast, he replies, "I just kissed a lot of ass."

Through it all, and in the book, Dean emerges as just a little too good to be true. He pictures himself at first as a sort of renaissance courtier seduced by air force helicopters, instant limousines and power. Told by one of his colleagues soon after entering the White House that there are "people around here who think you have some little old lady in you," Dean redoubles his efforts. He builds himself a key position at the heart of the White House.

But, gradually, he says that he saw that the cover-up would not work. The constant pressure to lie activated his slumbering conscience and he turned state's evidence. Just before telling all to the Prosecutor he visited his former boss, John Mitchell, who said that his confession could cause "A terrible problem for Nixon." Dean replies "I don't know any other way."

Perhaps his book does not quite convince the reader that he was as high-minded as he himself suggests. This might have been the story of a man who really had an eleventh-hour conversion.

This is what Dean says it is. Others may find it more like the story of a rat who saw that the ship was sinking before anyone else on board.

It was sort of lonely after he decided to tell the truth. It did require courage to stick it out alone particularly as he found himself loathed by his erstwhile colleagues and despised by those to whom he told his story.

Somehow that does not elicit quite the admiration it ought to elicit.

For nothing in the book really suggests that he would have done what he did if there had been no pressure on the White House from outside. Without Woodward and Bernstein he might not have left the White House until early this year when Nixon's eight-year term would have ended. There is no reason to think that the awful picture of the White House that he paints would have unduly disturbed him.

Still, if the book does not quite convince the reader that Dean is a reformed character, it is extremely good and there is likely to be none better in catching the flavour of life inside the Presidential corral. As he notes himself "in the Nixon White House upward and downward paths diverged, yet joined, like prongs of a tuning-fork pitched to a note of expediency."

Glittering Maugham

BY ANTHONY CURTIS

Somerset Maugham and his world by Frederic Raphael. Thames and Hudson, £3.95. 128 pages

Gerald Kelly's biographer, Derek Hudson, tells us in *For Love of Painting* that he painted 18 portraits of Somerset Maugham; and no less than 15 of them are now in the Humanities Research Center of the University of Texas. In addition there are dozens of portraits of Maugham by artists from the most eminent to the most obscure, including Marie Laurencin, Edouard MacAvoy, Graham Sutherland. Everyone, as Lord Clark puts it, wanted to paint Mr. Maugham.

The challenge presented by the contours of that extraordinary face, the epitome of creative concentration, was not merely irresistible but capable of inspiring contradictory impressions on the various canvases. If for Sutherland Mr. Maugham was an aloof oriental mystic, for Marie Laurencin he was a wide-eyed sentimental romantic. Moreover both these impressions are true in their way.

Now that Mr. Maugham has been dead for over a decade it seems as if there are going to be just as many portraits of him in book-form. The latest is by the author of *The Glittering Prizes*, a fitting match surely of portraitist and sitter. Mr. Raphael has drawn a good likeness of Mr. Maugham with some characteristically penetrating touches bordering at times on caricature. There is a difference between an operation like Mr. Raphael's and that of the artist who works with easel and brush. The latter received the full cooperation of the sitter in his lifetime. He loved to have his portrait painted. Indeed how he managed to get so much writing done while spending so much time in artists' studios remains a mystery. But anyone wishing to paint a literary portrait or write a biography did not receive his cooperation. Here the only portraits he welcomed were those executed by himself. Even posthumously he continues to discourage trespassers by forbidding any publication of his letters (though many of these may now be read in American libraries which have sizeable collections of them).

However, so much has, as they say "come out" that further startling revelations would seem unlikely, and Mr. Raphael has proved that by an astute, thorough study of the published sources a lively, detailed account of that long career can be offered. He takes us briskly through the orphaned childhood and the broken schooldays; then comes the medical student, the voyager in Spain and Italy, the determined years of much effort and meagre reward, and the arrival with commercial success of both a wife and a male lover. Mr. Raphael manages to be altogether fair to both. He points out that both Syrie and Gerald had their charm. His treatment of Maugham's homosexuality (surely he discovered it sooner than his first trip to Honolulu) is admirably cool and sensible.

In his discussion of the main works Mr. Raphael seems slightly cramped for space—much of the book is taken up by an interesting selection of photographs in black and white—but he shades in the figures of Maugham's French masters, not just Maupassant but Balzac and even Proust. Yet to see Maugham's whole style as a form of translation seems a little hard. This is not to deny the accurate statement that after Maugham retired from the theatre he belonged primarily to literature and not to life.

I noticed a few errors which might be worth correcting in a second edition. It was two early short stories not "a novella" he first submitted to Fisher Unwin. He did try to have *The Artistic Temperament of Stephen Carey* published but it was rejected for which he was afterwards grateful. Maugham first met Kelly in Maugham's brother's villa at Meudon (see Hudson). Cyril Connolly did not in fact include *Of Human Bondage* in his 100 Key Books of *The Modern Movement* (it was *The Casuarina Tree* he included) though he does refer to it in this context in *Enemies of Promise*.

But these niggles are not going to worry anyone except a carping fellow-writer about Maugham and Mr. Raphael's book is to be recommended as a shrewd view of the great entertainer from whom so many have learned so much.

Time at the Varsity

BY SARAH PRESTON

My Oxford edited by Ann Thwaite. Robson Books, £4.75. 213 pages

My Cambridge edited by Ronald Hayman. Robson Books, £4.75. 224 pages

A good, if ungrammatical, subtitle for this series would be "Me as an undergraduate," for the interest in these exercises in nostalgia, which certainly make entertaining reading, is not so much the light they throw on the noble institutions of Oxford and Cambridge as what they reveal about the dozen distinguished contributors to each volume.

To begin with no one's reaction to the places was the same. Jo Grimond thought of Oxford as a sacred city when he went up but Nigel Nicolson's three years began and ended in disillusionment. Professor Muriel Bradbrook completes half a century at Cambridge this year. She was both undergraduate and Mistress of Girton and is still part of Cambridge. In contrast Raymond Williams has never felt he belonged or wanted to belong.

The books show how people can reside at the same university but never meet and see their experiences completely differently. Ann Thwaite points out in her introduction to the Oxford volume that she includes three pairs of contemporaries—Lord Boothby and Raymond Massey, John Betjeman and J. I. M. Stewart, Angus Wilson and Jo Grimond. None of them mentions the other, though in common with all the rest of the contributors over a certain age their friends and acquaintances included an amazing number of household names which they drop with suitable effect. A few like Antonia Fraser give their best friends discreet pseudonyms, and for the youngest, like Martin Amis, born 1949, the experience is still too close to be in focus.

This is not to deny that there are common themes. The pre-war contributors nearly all stress the monastic nature of the communities they lived in and wonder at their complete acceptance of this peaceful state of affairs. For the younger essayists getting acquainted with the opposite sex was a primary occupation. For many arrival at Oxbridge was itself a dream come true, the end of schoolgirl ambitions or liberation from early oppression. Class and social attitudes receive due attention though no one equals Philip Larkin's evocation in *Jill* of the first term of a northern, working-class boy at Oxford in the early years of the war. Perhaps the most memorable testimony in the two books is John Vaizey's vivid account of going from a hospital bed and the dim world of St. Mildred's Road, Lee, S.E.12, to "surroundings so self-consciously soaked in history and narcissistically bathed in beauty."

All in all, these are celebrations of adolescence, of the short freedom between the discipline of school and the constriction of employment, of a period of experimentation and growth. Didn't the university, the academic experience, the work have anything to do with it? For many work was important and some describe in detail the way they went about their studies and how they fared in the tutorial system. The dons with certain exceptions like Leavis and Helen Darbishire of Somerville (who enchanted Nina Bawden) are in the background. Ronald Hayman, in a perceptive introduction to the Cambridge book, goes so far as to say that they were not very friendly.

The elitist experience of being undergraduates certainly marked and influenced the contributors but whether Oxford or Cambridge as such changed them is another matter.

APPOINTMENTS

INTERNATIONAL APPOINTMENTS

هكذا من الأصل

The Property Market

BY QUENTIN GUIRDHAM

MEPC slims down West One scheme

WITH property shares rising, the prospect of a £40m. auction for Capital and Counties' Knightsbridge Estate, Trafalgar House selling a penthouse in South Lodge for £1.2m. (an 11.000 square feet penthouse, admittedly, with some of the floor below as well) and no obvious skeletons in the Peachey preliminary results, this has been a bullish week in the property market.

But as a reminder that old problems don't go away, Grosvenor Estate and MEPC have had to face the unpleasant truth that their ambitious West One scheme south of Oxford Street must for the moment be abandoned. That scheme itself was one of the relative crumbs left from Grosvenor Estates project to redevelop large tracts of Mayfair.

The amended plan, involving pedestrianised shopping streets, much refurbished and some new housing, fell down on a mixture of traffic problems and opposition from some of the residents. It must have anyway been considered a risky project, even with the fancy rents which could be projected for shops in pedestrianised streets comparable to the adjacent South Molton Street.

So yesterday an application went in for just 68,000 square feet of shopping, to be located on three floors above the redeveloped Bond Street Underground Station, and 57.000 square feet of offices down the Davies Street frontage. There seem high hopes that consent will be won for these.

But there can be no quick start—autumn 1978 being probably the first building opportunity because of work to be finished on the station — and Grosvenor Estate and MEPC have already made a £4.5m. contribution in land and money, most of this being the money from MEPC, to the enlargement of the station.

With the way any shop with an Oxford Street address seems guaranteed swiftly rising rents, the scheme may yet prove viable in its revised form. But there may still remain important revisions to the agreement between MEPC and Grosvenor to account for the changed climate.

Bonus £100m. for inner cities

Peter Shore, Environment Secretary, speaking in Bristol in February, stated definitely that there was "no extra money available waiting to be earmarked for inner cities." Any extra expenditure would have to come from within the totals of public expenditure already set.

Come the Budget, and the Chancellor does find £100m. from the Contingency Reserve, to be spread over the next two years, the point of this additional expenditure being to aid the construction industry, but also to help the inner city areas where the money will have to be spent.

So this is a bonus, with the sort of work in England being specified as rehabilitating old housing (the bulk of the money), but including industrial site preparation and the building of advance factories, said the Chancellor, as well as schools, community centres and the like.

The £100m. is scarcely going to save the construction industry, subject to a total of £570m. of public works programme cuts for 1977-78, with another £300m. reduction in 1978-79 (minus a £100m. Section 105 repentance last December). With £100m. representing "little more than half a day's work," in the words of the National Federation of Building Trades Employers, spread over two years the money would mean nothing nationwide.

Even restricted to the inner cities of the U.K., the allocation is little more than a token. But the specification of advance factories in inner cities, plus industrial site preparation, is a sign of what changes in the industrial development market we can expect when Mr. Shore has his final package ready. This is expected to be announced before Easter and in it will come the details of where the rest of the inner city programme expenditure will come from, presumably by reallocations between local authorities or from redistribution within individual authority budgets.

Brent railway sidings application

After a decade of delay, it looks possible that one of the plum North London warehouse sites, the former British Rail Brent sidings near Staples Corner, could get developed. The site may be a bit long and narrow, but it covers 11 acres, with a frontage of a quarter of a mile on the Edgware Road, at a significant point in the road network where the M1 joins the A5 and the North Circular.

With that location, ironically the main delays have centred on the immediate road access. Now a new entrance and exit system has been devised, and a planning application has been submitted to Barnet Council by Selmonde Associates and the British Rail Board in association with Alfa Romeo (Great Britain). Alfa Romeo wants to extend its existing premises next door with 25,000 square feet of industrial space, for which it has an IDC, plus 6,000 square feet of storage and 5,000 square feet of offices.

The main application is for two warehouses, one of 96,625 square feet and the big one of 150,700 square feet. There is no formal agreement yet between developers Selmonde and British Rail, but Selmonde has been involved with the site since the start of the planning saga, and there are leases drawn up dependent on consent being gained.

With Barnet, Brent (the road authority), the GLC and the Department of the Environment (particularly its transport arm) to be satisfied, it is likely to take more than a year to obtain outline and detailed approvals. In the meantime, there is the matter of tenants, since Selmonde has a history of building only on prelets. But by 1979-80 the site's years of dereliction might be over.

Letting agents are Donaldsons, and Henry Berney. Meadow and Company represent Alfa Romeo.

The former Aspro Nicholas research laboratories at Bath Road, Slough, now sold to Interdata, a mini-computer company and subsidiary of Perkin-Elmer Corporation. The price, say selling agents Jones Lang Wootton, was about £500,000. The property, built in 1969, originally contained research facilities and extensive negotiations took place with the Department of Industry and the planning authorities to get the necessary IDCs and local planning permissions. Goldstein Leigh Associates acted for Interdata and also arranged finance with a pension fund client of Smith Melzack and Co. in conjunction with Barclays Bank Trust Company.

OUT AND ABOUT

● Little chunks of the Manchester area surplus continue to move: latest, at Station Road, Wilmslow, is the former Wallpaper Manufacturing Company building, sold at auction in the good years for £580.000, passed on for a further £20.000 and now fetching something over £200.000 for the bankers. Part of the trouble was the hope of permission for a complete office redevelopment on the two acre site, but what was gained in the end was outline consent for refurbishment and a change of use to up to 54,000 square feet gross of offices. Buyers were clients of Whit Developments, who might be looking for something close to the £3.25 obtained by Francis Parker in 1974 on the building taken in Wilmslow by British Steel Corporation (a lease now assigned to Esso) once the scheme is finished. Selling agents were Dunlop Heywood and Co. and Conrad Rithlat and Co. Rackind Gibson and Co. introduced the purchasers.

There is talk of some further lettings in the central area of Manchester and while Grindlay ... will not confirm it, there is a good chance that Victory House has at last been disposed ... sold to the GPO. This is the 200,000 square feet gross building by Piccadilly Station, developed by the failed London ... Securities.

● Also from Manchester, as a result of the Debenham Tewson and Chinnocks auction there, comes an example of just what low prices secondary property fetches. On sale, with an upset price (disclosed reserve) of £100,000 was the greater part of an island site near Oxford Road Station assembled in better days by Leonard Fairclough. There was no bid, yet the garage, warehouses, offices and shops yield £22,000 net a year. On another Debenhams sale in the last week, in London, three bits and pieces from the David Lewis portfolio were sold on behalf of U.S. banks for a total of £63.000. That represented nearly twice the year's purchase of the Manchester properties. So just go a little above the rag-and-bone class, and there is practically no interest in these secondary properties, whatever the yield involved. With the prime investment market (and the Stock Market) reacting so keenly to reduced interest rates, an anomaly appears to be created.

● Soplaril (Great Britain) Ltd., have agreed terms to lease 52,000 square feet of industrial space at the Palace of Industry, Wembley.

When the single-storey premises were built in the 1930s they formed part of the original exhibition showgrounds which were subsequently converted into a trading estate to provide well over 1m. square feet of space.

Weatherall Green and Smith, who were joint agents with Edward Erdman for the letting to Soplaril, stated yesterday that they have recently been instructed to dispose of an additional 30,000 square foot unit. They also anticipate that two smaller units will become vacant towards the end of the year when existing leases expire.

● The valuations committee of the Royal Institution of Chartered Surveyors has gained a notable point in English Property Corporation's acceptance that a review by independent valuers of a directors' valuation is not the right way to certify a company's property assets. EPC had followed this practice in its 1975 accounts, with Jones Lang Wootton as reviewers. It was going to do the same thing again, but when the RICS took a hard line, and had its opinions endorsed by the inflation accounting group, EPC decided on a full external valuation. Too late, however, state the accounts, for the exercise to be completed in time for the 1976 figures. So, though these show gross assets of almost £950m. (larger than the last figure for Land Securities) the investment properties valuation is one reason for the accounts being qualified. The qualifiers were accountants Stoy Hayward, advisers to the British Property Federation, which was not averse to the review system. Such complications may not be over yet.

● EPC's news from Brussels is quite hopeful, as is Slough Estates'. EPC's six blocks total 535,000 square feet of offices and 30.000 square feet of shops. The report states that 360,000 square feet of this is now complete and half of it let. "Present rental levels are not satisfactory but the continental custom of annual indexation of rents gives scope for recovery before rent reviews. Slough has sold its 97.000 square feet building in the Rue d'Arlon for a figure which is said to give a profit against cost and capitalised interest prior to completion. But costs on its other block there, and on the unlet Gauntlet Development in Sheffield, will be carried in the profit and loss account this year and if not disposed of or let, will slow growth this year. The new valuation of Slough, plus additions to the portfolio, raised its property assets from £137m. to nearly £194m.

● Belgrave House, part of the Grosvenor Centre, Northampton, has been partially let. The 15,000 square foot fifth floor was let to the Property Services Agency on a 21 year lease at a figure close to the asking rent of £53,000 a year, for occupation by the Health and Safety Executive. Belgrave House contains a total of 88,000 square feet of air-conditioned space.

Letting agents for Belgrave House are Bernard Thorpe and Partners, Edward Erdman and Co., and Wilson and Partners.

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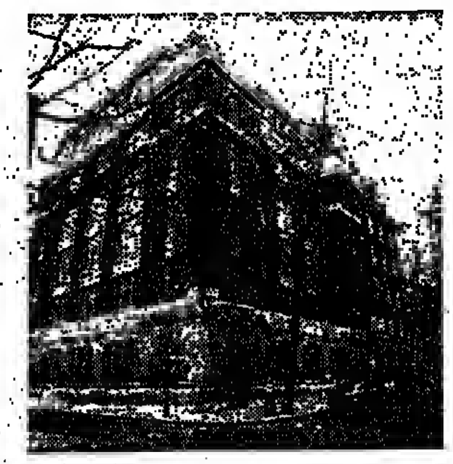

Apply: **Hampton & Sons** 6 Arlington Street, London SW1A 1RB
Tel: 01-493 8222. Telex: 25341

MODERN
CITY OFFICES
2000/6200sq.ft.
4 Lifts . Garage
Central Heating
BANKING AREA
Sole Agents:
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Chartered Surveyors
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Elegant Self-Contained Office Building in the heart of Mayfair

1 Hill Street,
Berkeley Square, London, W.1.

3750 sq. ft. vacant possession of the whole.

Louis Scott & Partners
130 Park Lane, London W1Y 4DN
Telephone 01 409 1331

WOOD GREEN INDUSTRIAL AREA

Cleared sites are now available for immediate development by owner occupiers or alternatively new premises can be made available on lease.

For further details interested companies should contact:

The Borough Valuer and Estate Surveyor,
Haringey Central Area Team,
8 Caxton Road, Wood Green,
London, N.22.
Telephone: 01-888 1212.

By order of the Eastern Electricity Board

Southend-on-Sea

88,000 sq ft
Offices & Depot
For Sale or To Let
as a whole or in parts

Weatherall Green & Smith
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Halve your office costs at Harrow-on-the-Hill

Outstanding new air-conditioned offices. 22,000 sq.ft.
To let, units from 10,000 sq.ft.
Rent and rates equal to less than half Central London Costs.

Benefits:
- Amenities include; air-conditioning, 2 lifts
- Parking for 45 cars
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- Good local shopping and staff availability
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- Immediate occupation

Sole Agents
Henry Davis & Co.
101 NEW BOND STREET, LONDON W1Y 9LG
Tel: 01-499 2271

West Ham Kick Off - May

West Ham Industrial Estate
Basingstoke Hampshire
Two miles from the M3 (Junction 6)

Phase 1
106,000 sq ft Let

Phases 2/3/4/7
Land available for purpose built units to tenant's requirements

Phase 5
28,000 sq ft Warehousing
To be built

Phase 6
50,000 sq ft Warehousing
To Let as a whole or in units of 10,000 sq ft
available May 1977

Also a single storey factory of 27,000 sq ft To Let

A development by The Post Office Staff Superannuation Fund

Sole Agents
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Queen Anne Street, W.1
Professional Offices
with Valuable Residential Content
OFFICES: 1,750 sq. ft. approx
Residential 8 Rooms, 2 Bathrooms, Kitchen
ALL ENQUIRIES TO:
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22 King Street St. James's SW1Y 6QZ Tel: 01-930 7321

Canberra House

MALTRAVERS STREET
W.C.2.

Entire floor of air-conditioned Offices

TO LET

Approx 6,819 sq. ft.

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SAVILLS

Provincial Offices

Norwich Office (0603) 612211

Norwich	29,500 sq. ft.	To Let
Norwich	1-17,000 sq. ft.	To Let
Norwich	1,300-4,000 sq. ft.	To Let
Norwich	1,000 sq. ft.	Lease for Sale

Colchester Office (0206) 47041

Haverhill	6,000 sq. ft.	To Let/For Sale
Colchester	2,750 sq. ft.	To Let
Sudbury	2,560 sq. ft.	For Sale
Witham	1,500 sq. ft.	To Let
Southend	1,450 sq. ft.	To Let
Halstead	1,150 sq. ft.	To Let

London Office 01-499 8644

Croydon	40,000 sq. ft.	To Let
Southampton	37,000 sq. ft.	To Let
Manchester	30,000 sq. ft.	To Let
Bath	14,000 sq. ft.	To Let
Hounslow	10,000 sq. ft.	To Let
Lincoln	9,200 sq. ft.	To Let
Richmond	9,000 sq. ft.	To Let
Hounslow	7,200 sq. ft.	To Let
Lincoln	3,000 sq. ft.	To Let
Ilford	2,600 sq. ft.	To Let
Tottenham	2,000 sq. ft.	To Let
Thornton Heath	1,960 sq. ft.	To Let
Norbury	1,500 sq. ft.	To Let
Acton	1,300 sq. ft.	To Let

SAVILLS

A COMPUTERISED INDUSTRIAL PROPERTY REGISTER

Golden Lane, E.C.1 Warehouse for sale/to let	21,000 sq.ft.
Greenwich, S.E.10 Warehouse units to let	11,150–13,000 sq.ft.
Brentford, Middx. Factory/Warehouse for sale/to let	71,000 sq.ft.
Nr. Gatwick, Sussex Warehouse units to let	10,000–50,000 sq.ft.
Northfleet, Kent Warehouse units to let	6,000–125,000 sq.ft.
Colnbrook, Berks. Warehouse for sale/to let	102,500 sq.ft.
Leighton Buzzard, Beds. Factory/Land for sale	86,000 sq.ft. on 15·6 acres
Nr. Leeds, Yorks. Warehouse for sale/to let	40,000–163,000 sq.ft.

JONES LANG WOOTTON

Part of the JLW Computon® Service.

Westminster S.W.1

Park House 22-26 Great Smith Street

11,750 sq ft (WILL DIVIDE) of excellent office accommodation

TO LET

Amenities include lift, central heating, carpeting, suspended ceilings and impressive entrance.

Sole Agents **DE & J LEVY** 01-930 1070

Estate House, 130 Jermyn Street, London SW1Y 4UL

NEW OFFICE ACCOMMODATION To Let

TOWN CENTRE DARTFORD KENT

7,835 sq.ft. approx. will divide

Situated in the new town centre development, the accommodation is on the 2nd floor and will provide clear open plan space. Finished to an extremely high standard with private entrance hall, lift, excellent natural light and car parking spaces available. Dartford is only 30 minutes from London by rail and an easy drive on the A2. The Medway Towns and Dover are easily accessible via the M2.

For further information contact the Letting Agents:

DE GROOT COLLIS 01-734 1304 8 CLIFFORD ST LONDON W.1

PCP PRALL, CHAMPION & PRALL Chartered Surveyors 76 SPITAL STREET DARTFORD 28891

A DEVELOPMENT BY BUILDERS AMALGAMATED CO., LTD.,

Stadium Industrial Estate, OXFORD ROAD,

READING

TO LET

NEW WAREHOUSE / INDUSTRIAL UNITS.

105,000 sq. ft. Approx.

UNITS FROM 7,500 sq. ft. – 30,000 sq. ft.

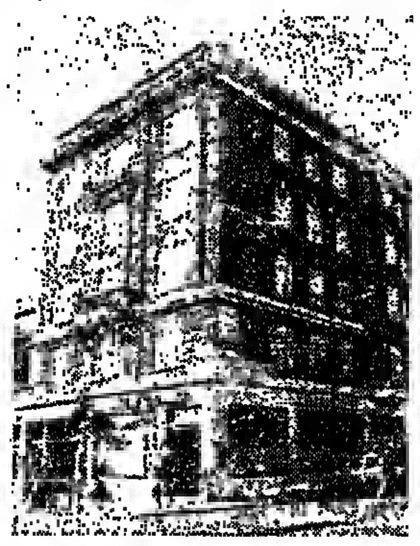
Apply:— **Hampton & Sons** 6, ARLINGTON STREET, LONDON SW1A 1RB

01-493 8222

140 Kensington High Street W8

Prime corner Banking premises
Leasehold interest for sale by tender

Bank of Scotland transferring to larger premises at 332 Oxford Street W1



Closing date for tenders 12 noon Friday May 6th 1977

For details apply

Leavers

36 Bruton Street London W1X 8AD
Telephone 01-629 4261 01-493 2012
Telex Leavers Ldn 269396
(Ref NKR)

On the instructions of The London Life Association Ltd.

KING WILLIAM STREET EC4

Economical Offices to be let

4,025 sq. ft.

or in units of

2,275 sq. ft. and 1,750 sq. ft.

Baker Harris 24-26 Monument Street London EC3R 8AJ 01-623 6695

St Quintin Son & Stanley Vintry House, Queen Street Place London EC4R 1ES 01-236 9961

WATFORD

15,500 SQ. FT FACTORY PREMISES

EXCELLENT PARKING
NEW LEASE
£22,500 per annum

Gordon Hudson & Co. 147, The Parade, Watford, Herts. 92-39711

UPON THE INSTRUCTIONS OF NATIONAL WESTMINSTER BANK LTD.

BEACONSFIELD

FREEHOLD OFFICE PREMISES OCCUPYING A PROMINENT CORNER POSITION IN A CENTRAL LOCATION

2,300 Sq. Ft.

ON BASEMENT, GROUND & TWO UPPER FLOORS

FOR SALE BY TENDER

CLOSING DATE: NOON 5th MAY 1977

30 HIGH STREET, HIGH WYCOMBE, BUCKS. 0494 21234

HAMNETT RAFFETY

NUNEATON — WARWICKSHIRE

CALDWELL ROAD

MODERN FREEHOLD

INDUSTRIAL PREMISES

M6 MOTORWAY 4 MILES
COVENTRY 8 MILES
BIRMINGHAM 20 MILES
LEICESTER 16 MILES

FLOOR AREA: 151,570 SQ. FT. SITE AREA: 6.36 ACRES

★ Excellent range of Single-Storey Workshops with Frontal Office Blocks
★ Superb Rear Workshop erected only in 1973
★ Extensive on-site parking

FOR SALE OR TO LET

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JOINT AGENTS

ROM ROBINSON, OSBORNE & MOULES 153/161, NEW UNION STREET COVENTRY CV1 2PL Tel. 0203 57321

IPSWICH—Suffolk
In a central position.
VALUABLE FREEHOLD
OFFICES
extending to approx. 1,700 sq. ft. Offers in excess of £40,000 sought.
For full particulars apply to:
SPURLINGS & HEMPSON
26, Princes Street, Ipswich.
Tel: 51807/8/9.

By Order of the National Westminster Bank Ltd.

ROYAL WINDSOR

This distinguished 19th Century Bank Premises in the High Street and heart of the Commercial Centre. On five floors with nett area approximately

6,600 sq. ft.

FREEHOLD FOR SALE BY TENDER—4th MAY, 1977

A.C. Frost & Co

Commercial and Industrial Department,
3, High Street, Windsor SL4 1LE
Telephone: Windsor (STD 07535) 54555

By direction of the Governors

SAINT PETER'S COLLEGE OF EDUCATION, BIRMINGHAM
Close to the City Centre and M6 Motorway

A fully equipped Training College for Teachers with fine buildings and facilities, capable of adaptation for many purposes:—

★ Study Bedrooms for about 250
★ Dining Hall and Common Rooms
★ Many Lecture and Tutorial Rooms, Laboratories
★ Newly completed Library Complex
★ Assembly Hall (to seat 300) and Chapel
★ Four Staff Houses and Six Staff Flats
★ Ample Car Parking
★ Recreational Facilities and Playing Field

TOTAL AREA OF BUILDINGS—OVER 160,000 SQ. FT.
SITE AREA—NEARLY 7½ ACRES
For Sale by Private Treaty, Freehold

Apply:

Chesshire, Gibson & Co.

63 Temple Row, Birmingham B2 5LY. Tel: 021-643 9351, and London

DRON & WRIGHT

Surveyors, Valuers & Estate Agents

From

Monday, 4th April, 1977

the whole of the firm will be located at

15, ARTHUR STREET, LONDON, EC4R 9BS

Following acquisition of the entire building

NEW TELEPHONE NUMBER

01-626 9681

8 Bugle Street, Southampton

A prestige GEORGIAN Office Building close City Centre and Docks
Refurbished and renovated to a high specification, ready for immediate occupation

sq. 2,800 ft.

SUBSTANTIAL INCENTIVES OFFERED TO INCOMING TENANT

VAIL & SON 18 High Street, Fareham Tel: Fareham (032 92) 85041

YOUNG & WHITE 38 London Road, Southampton. Tel: Southampton (0703) 29833

Luton

2 Adjacent new air conditioned office buildings
each of 8,500 sq ft
High specification
1,700 sq ft –17,000 sq ft

Available now

McNeill Richardson Associates
21 HARPUR STREET, BEDFORD, MK40 2SR
(0234) 58438

CUT THE COST OF YOUR OFFICE SPACE IN 1977

PRIORY HOUSE ORPINGTON

NEW PRESTIGE OFFICES TO LET

SQ. 27,274 FT.

Under 15 miles Central London

- Full Gas Central Heating
- 2 Automatic Passenger Lifts
- Suspended Ceilings
- Occupation Now

62 COVERED CAR PARKING SPACES

HILL WELSH CHARTERED SURVEYORS 25 QUEEN ANNE'S GATE S.W.1 01-839 1673

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Gildersome Spur Distribution Centre

Warehousing

To Let

5—60,000 sq. ft.

(95508/WAH)

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OFFICES 17,000 SQUARE FEET

FOR SALE/TO LET

Outstanding building in prime city centre location.

Further particulars, including brochure, plans, etc. from Sole Selling and Letting Agents:
COSMOS DEVELOPMENTS LTD.,
per Macarthur Stewart and Orr,
6, Wemyss Place, Edinburgh. Tel.: 031-225 3366.

هكذا من الاصل

FOR INVESTMENT

BUSINESSES FOR SALE

BUSINESSES WANTED

CONTRACTS AND TENDERS

VODOVOD DUBROVNIK

Poduzeće za izgradnju i održavanje vodovoda i kanalizacije Dubrovnik u Dubrovniku

Invites Tenders for Construction of the Wastewater Network and Pumping Stations.
The Subject of the Tender is as follows:

Item "A"—Wastewater Network—17,000 m. length with diameter 250-800mm. of Pipes.

Item "B"—Civil Engineering Works for the Pumping Station. 5 Pumping Stations.

Item "C"—Mechanical and Electrical Equipment for the Pumping Stations—15 Pumps with a total capacity 600 1/sec.

Bids can cover one, two or all of the three items above. Preference shall be given to Tenderers bidding for all three items above, provided other conditions are equal.
Vodovod Dubrovnik has obtained a loan from the International Bank for Reconstruction and Development for financing part of the cost of this project.

Tender Documents may be purchased and Offers submitted by companies registered in countries which are members of the International Bank for Reconstruction and Development and Switzerland and experienced in the execution of similar projects.

Tender Documents may be obtained from the office of "Vodovod Dubrovnik," Enterprise for Reconstruction and Maintenance of the Dubrovnik Water Supply and Sewerage Network, V. Nazora St. 21, Dubrovnik, Yugoslavia, on payment for one set of NDin 9,000.

Offer shall be submitted by 1st July 1977 until 12.00 local time at the same place.

COMPANY NOTICES

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED GROUP

ANNUAL GENERAL MEETINGS OF GROUP COMPANIES AND CLOSING OF TRANSFER REGISTERS

The Annual General Meetings of the under-mentioned companies will be held in the Board Room, Consolidated Building, Corner Fox and Harrison Streets, Johannesburg, on the dates and at the times shown below. The transfer books and registers of members will be closed from 2nd to 6th May, 1977, both days inclusive, in respect of Western Areas Gold Mining Company Limited and Elsburg Gold Mining Company Limited, and from 13th to 18th May, 1977, both days inclusive, in respect of The Randfontein Estates Gold Mining Company, Witwatersrand, Limited.

Name of Company (each incorporated in the Republic of South Africa)	Date	Time of Meeting
Western Areas Gold Mining Company Limited	6th May, 1977	9.15 a.m.
Elsburg Gold Mining Company Limited	6th May, 1977	10.15 a.m.
The Randfontein Estates Gold Mining Company, Witwatersrand, Limited	18th May, 1977	0.15 a.m.

In respect of each of these meetings, any member of the company concerned is entitled to appoint a proxy to attend and to speak and to vote in his stead. A proxy need not be a member of the company.

Holders of share warrants to bearer desirous of attending in person or by proxy or of voting at the meeting and at any adjournment thereof, are required to comply with the regulations of the company relating to share warrants. Copies of the regulations are available on application to the Johannesburg office of the company at the address given below or to the office of the London secretaries, Barnato Brothers Limited, 99 Bishopsgate, London EC2M 3XE.

By Order of the Boards,
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED,
Secretaries.

Head Offices and Registered Offices.
Consolidated Building,
Corner of Fox and Harrison Streets,
JOHANNESBURG, 2001.
(P.O. Box 590, JOHANNESBURG 2000).
31st March, 1977.

B.A.S.F. TRANSATLANTICA

7½% 1972-1987

Loan of FF.100,000,000

The redemption on 1st May 1977, for which a sum of FF.4,000,000 is planned, has been completely repurchased on the Stock Exchange.

Amount remaining in circulation after 1st May 1977:—
FF.84,000,000

Paying Agent:
BANQUE DE PARIS ET DES PAYS-BAS POUR LE GRAND-DUCHE DE LUXEMBOURG

GOLD FIELDS GROUP
NOTICE RE CLOSING OF REGISTER OF MEMBERS

YOGELSTRUISBULT METAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)

NOTICE IS HEREBY GIVEN that the REGISTER OF MEMBERS will be CLOSED from 15 April to 21 April, 1977, both days inclusive, for the purpose of the Annual General Meeting.

By Order of the Board,
C. E. WENNER,
H. J. GREEN,
Joint London Secretaries.
London Office:
49, Moorgate, EC2R 6BQ.
31 March, 1977.

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

ONTARIO & QUEBEC RAILWAY COMPANY
5% DEBENTURE STOCK

In preparation for the payment of the interest [illegible] on the 1st June next, the Debenture Stock TRANSFER BOOKS will be CLOSED at 3.30 p.m. on 2nd May and will be re-opened on 2nd June.

R. H. PAUL,
Deputy Secretary.
8 Waterloo Place,
Pall Mall,
London, SW1Y 4AQ.
1st April, 1977.

CENTENARY FUND S.A.

NOTICE TO SHAREHOLDERS

The accounts of Centenary Fund S.A. for the year to 31st December, 1979, are now ready and can be obtained on application, to either the investment advisers:
F. & C. Management Limited,
1/2, Laurence Pountney Hill,
London EC4R 0BA,
or the registered office:
[illegible]
14 Rue Aldringen,
Luxembourg.

LONDON BRICK COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Ordinary Stock will be closed on 26th April, 1977.

By Order of the Board,
H. D. HOWE, Secretary.

Registrars:
The General Agency & Trust Limited,
Granby House,
95, Southwark Street,
London SE1 0JA.

PUBLIC NOTICES

H.M. LAND REGISTRY
LOST CERTIFICATE

It is proposed to issue a new Certificate to replace the one described below that is stated to have been lost or destroyed. Anyone possessing the missing certificate or objecting to the issue of a new one should at once notify H.M. Land Registry, Lincoln's Inn Fields, London WC2A 3PH.

Land Certificate. Leasehold Title No. LN145383. Hulton House Annexe, Johnsons Court and Pemberton Row, Fleet Street, London, E.C.4. Proprietor—Hulton Press Ltd.

LOCAL AUTHORITY BILLS

£6,000,000 Strathclyde Region Council Bills issued 16th February, 1077 maturing 18th May, 1977 at 11 5/32%. Applications totalled £44,500,000 and bills outstanding total [illegible].

LEGAL NOTICES

THE OFFICIAL ASSIGNEE
THE STOCK EXCHANGE, LONDON

In the matter of the Estates of the following:
F. G. Osborne-Smith & Co. Declared Defaulters 10th November 1970
Brown Bliss & Co. Declared Defaulters 29th January 1971
A. Carroll-Marx & Co. Declared Defaulters 15th February 1971
All formerly trading as Stock & Share Brokers, The Stock Exchange, London.
Bartlett & Co. Declared Defaulters 17th December 1970
Formerly trading as Stock & Share Brokers, Midlands & Western Stock Exchange.
J. H. Summerhald & Co. Declared Defaulters 11th July, 1073
Formerly trading as Stock & Share Brokers, Northern Stock Exchange.

Take notice that the Official Assignee of The Stock Exchange Trustee by Deed of Arrangement of the above-named Estates, declares that the Final Dividend to Creditors will be paid after the expiry of this Notice.

Any person or Company who consider they may have a claim against any of the above-named firms, or any partner of those firms, and who have not completed and returned a Form of Assent to the Deed of Arrangement, must lodge their Claim by 31st May, 1977.

No claim submitted after 31st May, 1977 will rank for distribution of dividends.

Further claims should be forwarded direct to The Official Assignee, The Stock Exchange, London EC2N 1HP.

No. 00994 of 1977

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SPECLODGE LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 21st day of March 1977, presented to the said Court by S. COHEN & COMPANY (CIGARS) LIMITED whose registered office is situate at 120 Newgate Street, London EC1A 7AA, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 2nd day of May 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

LLOYD, RAYMOND POLLARD,
120/124 Newgate Street,
London EC1A 7AA.
Ref: RP/PA.
Tel: 01-606 5345.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 29th day of April 1977.

BOND DRAWING

BOND DRAWING—CORRECTION

MORTGAGE BANK OF FINLAND OY
Foreign Loan 7¼% 1967/1970 of US$12,000,000

In the above advertisement, published in the Financial Times on 11th March, 1977, the fourth line of numbers in paragraph (b) in the earlier editions should have read as follows:—
6534, 6536 to 6547, 6550 to 6562, 6566 to 6568, 6581 to 6582

PERSONAL

APPOINTMENTS

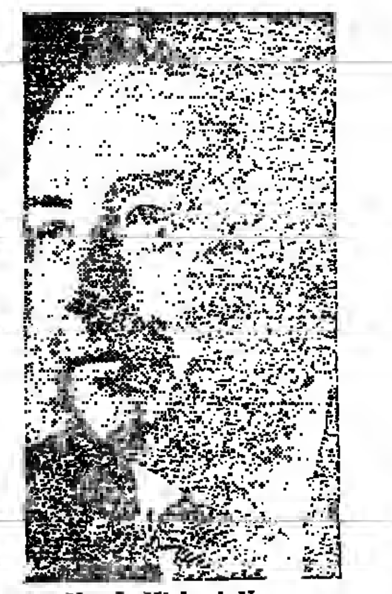
New directors on Board of Rothschild

Mr. Michael Roberts, Mr. Richard Katz and Mr. Alex Rosenzweig have been appointed to the Board of N. M. ROTHSCHILD AND SONS.

★

Sir Derek Mitchell, Second Permanent Secretary (Overseas Finance) at the Treasury, is to join the Board of GUINNESS MAHON on October 1. Mr. Alfred Singer, former managing director (GIRO and Data Processing) at the Post Office, has joined the Board of the Bank, together with Mr. Graham Starforth Hill, previously senior partner of Rodyk and Davidson, Singapore solicitors. Mr. David Ewart, a director of the Bank since 1971, has now become a vice-chairman. Lord Goodman has agreed to become a consultant to the Bank and Mr. George Selby has been appointed a consultant on foreign exchange and currency matters.

★



Mr. J. Michael Hoare

Mr. J. Michael Hoare has been appointed managing director of CORAL LEISURE GROUP and will head a newly formed management committee of the Board, the other members of which are Mr. Bernard Coral, Mr. Kenneth Tucker, Mr. Kenneth Mundy and Mr. David Spencer. Mr. Hoare was a part-time executive director of Coral and was formerly a director of Grand Metropolitan. He will be reporting to Mr. Nicholas Coral, who remains executive group chairman and ex officio a member of the newly formed management committee, although relinquishing his position as group managing director.

★

Mr. Malcolm Hamilton has been appointed an assitant director of P. S. MOSSE INSURANCE BROKERS.

★

Mr. A. J. Pickford, director of legal affairs, has been appointed to the Board of SMITH KLINE AND FRENCH LABORATORIES.

★

Mr. Louis Mitchell has joined the Lawtex Group and has been appointed a director and joint chief executive of LAWTEX CLOTHING. Mr. David Anten has been appointed a director of that company.

★

Mr. Hubert V. Reid, a non-executive director of BODDINGTON'S BREWERIES, will become a full-time executive director from July 1. He will resign from the Board of Hugh Baird and Sons on May 20 to take up his new post.

★

Mr. A. L. C. Humphreys has retired from his executive position as deputy chairman of ICL and from his other appointments within the group but continues as a non-executive director of ICL.

★

Mr. Denis W. Kellaway, Deputy Commissioner, National Savings Committee, has been appointed head of the Savings Policy office, DEPARTMENT FOR NATIONAL SAVINGS, from May 2, following the retirement of Miss E. D. Boxhall.

★

Mr. John Morris has been appointed sales and marketing director of TI DESFORD TUBES, a TI Steel Tube Division company. He was formerly head of the commercial function in the plain tube division of TI Accles and Pollock, Oldbury.

★

Mr. G. E. Willett, aviation underwriter of the Orion Insurance Company, has been elected chairman of the AVIATION INSURANCE OFFICES' ASSOCIATION. Mr. J. W. Webb, aviation underwriter of Andrew Weir Insurance Company, has become deputy-chairman and Mr. R. F. Dowlen, group aviation underwriter, Commercial Union Assurance Company, has been re-elected honorary secretary and treasurer.

★

Mr. W. H. Patton, group development executive of Daniel Doncaster and Sons, has become president of the NATIONAL ASSOCIATION OF DROP FORGERS AND STAMPERS.

★

Mr. Charles Gorer has been appointed a director of STERLING GUARDS.

★

Mr. Anthony J. Allen, of the shipping department, has been elected a director of FIRST INTERNATIONAL BANCSHARES. Mr. Rawles Fulgham, vice-chairman of the holding company, First International Bancshares Inc., has been made chairman of the company in succession to Mr. Robert Stewart, chairman of the holding company, who remains on the Board.

Reorganisation at Hawker Siddeley

A number of changes have been made in HAWKER SIDDELEY companies concerned with the manufacture of switchgear and transformers. Two new policy companies, Hawker Siddeley Switchgear and Hawker Siddeley Transformers have been formed with the following Boards. Hawker Siddeley Switchgear: Mr. T. W. B. Sallitt (chairman), Mr. R. A. Grierson (managing director), Mr. J. K. Colley, Mr. G. Anton, Mr. K. V. Latham, Mr. F. S. Maguire, Mr. D. A. Stack and Mr. A. L. Wolfendale. Mr. C. P. Jones is secretary. Hawker Siddeley Transformers: Mr. Sallitt (chairman), Mr. R. C. Ballantyne, Mr. J. R. W. Hampson, Mr. Colley, Mr. J. W. Reid, Mr. L. V. Smith and Mr W. G. Thomas. Mr. A. P. Hutchinson is secretary.

A new operating company, Brush Power Equipment, has been established to take up the activities previously carried out by the Brush Power Equipment Division of Brush Switchgear at Bridgend, Banbury and Leicester. Its Board is Mr. Grierson (chairman), Mr. Latham (managing director), Mr. R. A. Hudspeth, director-Banbury, Mr. R. Ross, director-Leicester. Secretary, Mr. P. Winter.

The following appointments have been made in electrical operating companies. Mr. R. A. Grierson appointed chairman and Mr. D. A. Stack, managing director, of Brush Switchgear. Mr. R. C. Ballantyne becomes chairman of Brush Transformers, continuing as managing director. He has also been appointed chairman of Yorkshire Electric Transformer, Washington Engineering, and of South Wales Electric Zambia and a director of South Wales Switchgear. Mr. L. V. Smith is now managing director of Yorkshire Electric Transformer and Mr. R. L. Dormer managing director of Washington Engineering. Mr. C. A. Martin and Mr. E. Owen have been made directors of South Wales Switchgear. Mr. F. H. A. Baker and Mr. R. N. Lloyd-Evans become directors of Brush Transformers. Mr. L. E. Hooper is appointed a director of South Wales Electric Zambia.

Mr. John Swire, chairman of John Swire and Sons, has been appointed a non-executive director of OCEAN TRANSPORT AND TRADING.

★

Mr. T. Hanada, senior deputy general manager, has been appointed London general manager of the MITSUBISHI TRUST AND BANKING CORPORATION. He succeeds Mr. T. Fukukawa who is returning to Tokyo to be senior deputy general manager of Marunouchi branch.

★

Mr. R. D. Hall has been appointed marketing director of the TAUNTON CIDER COMPANY.

★

Mr. A. I. Robertson, Mr. A. E. Ely, and Mr. R. H. J. Atkins have been appointed additional directors of WALLACE BROTHERS AND CO. (HOLDINGS). Additional directors appointed to the Board of Wallace Brothers Bank are Mr. E. J. W. Hellmuth (chairman), Mr. Ely (deputy chairman), Mr. Atkins and Mr. L. A. Powell. The changes follow the formal acquisition by Standard Bank.

★

The BOLTON BUILDING SOCIETY has accepted a transfer of engagements from the ROWLAND HILL PERMANENT BUILDING SOCIETY. Mr. C. H. F. Reynolds and Mr. J. M. Curzon, formerly directors of Rowland, join the Board of Bolton.

★

Mr. R. Hill has been appointed to the South-West Regional Board of NATIONAL WESTMINSTER BANK succeeding Mr. J. F. Robinson, who has retired from the Board.

★

Mr. Robert S. Cattle has been appointed a director of SAFT (UNITED KINGDOM), a member of the CGE Group.

★

Mr. Gordon Gray has been appointed export director of BARRY STAINES.

★

Mr. James K. Kneassl Jr. has been appointed executive director on the Board of THOMSON YELLOW PAGES as Donnelley Corporation representative, replacing Mr. George Galloway, who has retired.

★

Mr. T. A. J. Hutchinson has been appointed managing director of LAINGFREIGHT, a member of the Laing Group. He was formerly a director and general manager of Wimpey Laing Iran.

★

Mr. Roger Boyland has been appointed to the main Board of the KEMPS GROUP (PRINTERS AND PUBLISHERS) with special responsibility for finance.

★

Mr. Peter Bolitho has been appointed a director of AMARI (a subsidiary of Selection Trust), but remains secretary.

★

Mr. D. E. Reilley has been appointed marketing/commercial director of GKN FORGINGS on relinquishing the post of managing director, GKN Bolts and Nuts. He succeeds Mr. W. A. Shand, who will remain a full-time member of the GKN Forgings Board until his retirement on December 31.

★

Mr. Donald Perry has become chairman of the UNILEVER MERSEYSIDE COMMITTEE, the consultative body of heads of the many Unilever companies and units in that area. He will combine this role with his present one of chairman of UML, the Unilever services company.

★

Mr. Alan Greenhalgh has been appointed to the Board of CENTURY OILS GROUP as financial director. Mr. T. H. Matthews has retired from the Board but remains a consultant. Mr. R. Sillitoe has retired from the Board and continues as secretary.

PARLIAMENT

Nimrod go-ahead a popular verdict

By Ivor Owen, Parliamentary Staff

THE CABINET'S decision to back the British early warning system based on the Hawker Siddeley Nimrod was endorsed from all sides of the Commons yesterday.

Mr. Fred Mulley, Defence Secretary, made it clear that continued uncertainty about the procurement of the alternative Boeing AWACS system by NATO had left no alternative.

Subject to the successful conclusion of the necessary contract negotiations, the Nimrod system would "now proceed to full development," Mr. Mulley told MPs.

He added that the Government had taken full account of the arguments put forward in NATO for further delay to enable outstanding questions on the procurement of the AWACS aircraft to be studied.

With Nimrod given the go-ahead, Mr. Mulley stressed NATO would have an urgently needed and modern early warning capability to replace the Shackletons now operating in the U.K. air defence region in the eastern Atlantic and Channel areas.

"Our decision does not exclude the possibility of a collective NATO solution to the requirements," he said.

"In developing the Nimrod system we shall aim to secure the maximum inter-operability and compatability between Nimrod and whatever additional airborne early warning aircraft the alliance may eventually decide to procure."

Britain, the Defence Secretary promised, would continue to work for arrangements which would secure maximum military effectiveness from the resources which the alliance eventually decided to devote to the airborne early warning task.

Leading the general chorus of praise for the Government's decision, Mr. Winston Churchill, a Conservative defence spokesman, insisted that Nimrod was much more than a fall-back option. "It is a supreme piece of British technology," he declared.

The Opposition strongly supported the decision which would provide a much-needed replacement for the airborne early warning Shackletons, save hundreds of high technology jobs and provide an ongoing high technology team in this particular field, which was unique in Europe.

Mr. Mulley explained that the building of new aircraft would not be required. Eleven existing Nimrods would be adapted. This would involve considerable work and would employ about 1,500 people for about five years.

When Mr. Jeremy Thorpe (L., North Devon) suggested that the development of the Nimrod would cost no more than what would have been involved in the Boeing project, Mr. Mulley commented that it was quite impossible at the present stage to give precise figures. But he expected that the Nimrod might cost more than the share which Britain would have contributed had agreement been reached on AWACS.

He also underlined the fact that the Nimrod would have additional capacity over the sea and generate an additional 5,000 to 6,000 jobs which would not have been expected to arise directly from the AWACS programme.

Mr. Mulley told Sir Frederic Bennett (C., Torbay) that the export potential of the Nimrod was likely to be extremely limited. For this reason, the provision of further development expenditure would not be justified.

When Mr. Normao Tebbitt (C., Chingford) asked if the Government's decision was "irrevocable" even if the NATO Council were to decide in favour of AWACS at its next meeting, Mr. Mulley said it was clear that with the funds being made available for the Nimrod project, Britain would not be able to make an equivalent contriontioo to another scheme.

"Nothing in life is irrevocable," the Minister added.

Next week's business

COMMONS business next week will be:

MONDAY: Conclusion of Budget debate.

TUESDAY: Debates on teacher training colleges in Scotland, and on Mr. Agee and Mr. Hosenball; opposed private business.

WEDNESDAY: Debate on motion to take note of the White Paper on sport and recreation.

THURSDAY: Easter adjournment debates.

Mentmore debate call

LARGE SUMS of private money have been offered to help save Mentmore Towers for the nation, and more could well be on the way, Mr. Patrick Cormack (C., Staffordshire W) said in the Commons yesterday.

But he failed to obtain permission for an emergency debate on Lord Rosebery's stately home in Buckinghamshire.

LOW MARKS FROM THE SOCIALIST JURY

BY PHILIP RAWSTORNE

IT WAS NOT only the Eurovision song contest that was on again yesterday. There was Sir Keith Joseph rehearsing Tory economic policy in the Commons.

"The old song," sneered Mr. Eric Heffer. "I have never heard such unmitigated rubbish," he added, longing for the sound of some well-orchestrated Socialism.

Without much of an audience, it was difficult to judge the real response to Sir Keith's rendition, but it did sound too classical to make the top of the pops. And he could not explain why it had failed to make a hit in the United States.

The Tory industry spokesman, however, was so carried away by the melody that he repeated the refrain over and over again: "No subsidies, more competition, less taxation, and less Government spending. He stood back to catch in admiration the purity of the echo: the soaring freedom of the notes he had struck.

What a time to rouse the nation from its stagnancy, he explained; to give the lie to the decades of Socialist criticism of capitalism that had led to our anti-enterprise culture.

"We must innovate," cried Sir Keith. Incentives had to be given to the risk-takers. The Government could not provide the creative force that was needed. It no longer had the necessary vision.

The performance of Mr. Albert Booth, Employment Secretary, certainly lacked flair. But he made up for it in energetic application. If his range was limited, Mr. Booth at least showed a detailed familiarity with the score.

His recital ran through all the Government's instruments to beat unemployment—the schemes for temporary subsidies, accelerated projects and selective investment. The lyrics lingered on diesel engines, electric motors, pistons and bearings.

It hardly brought Labour MPs cheering to their feet—or the Liberals, for that matter. But it is not always the exciting compositions that win the prizes. Mr. Booth proudly displayed quite a few trophies.

For a net cost of around £100m. this year, unemployment would be kept to 200,000 below what it would otherwise have been, he said. The accelerated projects would bring about 70,000 man years of work from orders placed with the construction and plant and equipment industries; 13,000 permanent jobs in 1977 to 1980 and £500m. in exports import savings.

"That is investment success with a capital S," he declared. But Mr. Booth was not complacent. The successes were still relatively minor, he recognised. He looked forward impatiently to a more ambitious and bold European employment programme very soon.

Labour will never revive prosperity, says Joseph

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CHANCELLOR'S package was condemned yesterday by Sir Keith Joseph, Tory industrial spokesman, as "a mouse of a Budget," which would make very little difference to Britain's economic prospects.

Speaking on the third day of the Budget debate, Sir Keith called for measures to encourage the wealth-creators and risk-takers—the owners of businesses, managers and entrepreneurs.

This, he argued, was the only real way to reduce unemployment, and create jobs. The Government strategy of intervening to assist industry and save jobs was "a feeble weapon" which placed additional burdens on healthy firms and would do nothing to solve our problems.

Instead, Sir Keith wanted to see a big switch away from unnecessary Government spending in order to allow a decline in the rate of growth of money supply in 1978 and 1979 and to enable a real cut in the marginal rate of taxation.

But, he said, a Labour Government, which had preached egalitarianism for generations, could never achieve this task. "Thus Government can't and won't do these things. They are imprisoned by party mythology and misunderstandings.

"The Labour Party will never revive prosperity. They are out of their depth."

Sir Keith maintained that the Government had still got its spending, borrowing and taxing far too high and that this was bad for the country.

It was even worse that the Chancellor had not set, for the financial year 1978-79, a further downward monetary guideline, but was apparently contemplating an increase in the rate of growth of money supply. That was thoroughly bad for Britain.

Sir Keith added: "We don't intend a consumer boom. But we do intend that consumers should spend more and the Government should spend less of consumers' money.

"This is the way we can escape from stagnation and secure the provision of jobs to reduce unemployment and absorb over-manning."

Such a policy would mean that more smaller firms would be born and fewer smaller companies die. There would be more self-employed and at the same time medium, large and giant businesses would be more willing to take risks and expand.

But, he said, the Labour Government was schizophrenic about capitalism and had been born as a party to milk capitalists. They had debilitated capitalism and still did not know how to handle it.

The Government had no vision to offer the country or the unemployed. Yet there was an appropriate strategy to escape from stagnation, unemployment, over-manning and ever-increasing inflation. It involved recognising the functions of the risk-takers in business, the prime movers—the people whom the Socialists neglected.

"It is only sensible that these people should have some chance of making a success for themselves and their families,' he went on.

"This Government has moved gingerly in the right direction, but it will never be free to allow the rewards of success to come through to those who make it. This country has to recognise that unless there is personal wealth opportunity, there will not be national wealth."

Businessmen in Britain were worse paid, higher taxed and less esteemed than in any other country.

The result was the increasing shabbiness and poverty of the people of this country.

Sir Keith declared: "The country is trapped in a cat's cradle of disincentives and over-government. Our job, when we have responsibility will be to remove the obstacles to enterprise and effort."

Mr. Albert Booth, Employment Secretary, said that a return to full employment was the keystone of the Government's policy.

He said that an agreed plan was needed to achieve export growth. That was why joint working parties of managers, trade unionists, the National Economic Development Council and Government Departments, had been set up.

The Government was now spending about £400m. a year on measures to cut unemployment, but the net cost to public spending would only be about £100m. in 1977. The measures were keeping unemployment 200,000 below what it would otherwise have been.

The job creation programme, the work experience programme and the youth employment subsidy, would all end on August 31, by which time the Government hoped to have reached a decision on the Manpower Services Commission report for dealing with unemployment among the young.

The Government wanted to see 16, 17 and 18-year-olds either in work, training or education.

Mr. Eric Heffer (Lab., Walton) said that an old song had been heard from Sir Keith. "If that is the vision we are going to have from a Conservative Government, then God help this country. I have never heard from any Opposition speaker, such ideological nonsense."

Mr. Heffer said he would be delighted if this country had a Socialist Government pursuing Socialist policies. The Labour Government might not be doing too well. "But if they (the Conservatives) come in, we would do disastrously."

Mr. Heffer said that investment by itself did not create jobs. The question was how to deal with technological advance and the answer was to plan productive resources—the very opposite of what Sir Keith was arguing.

There was a high proportion of skilled construction workers among the 80,000 unemployed on Merseyside, of whom 25,000 had been unemployed for more than a year.

The £100m. being given to the construction industry in the inner cities over the next two years, was "absolute chicken feed." The Government should provide more money later in the year.

Mr. Heffer said a way to revitalise city centres would be for the Department of Industry to create "nursery" factories and provide extensive subsidies on rents to attract back small businesses.

He said, "It is amazing. We in the Labour Party, have a genius for giving hand-backs to the people and still ending up unpopular. It is most remarkable, I don't know ho wwe do it. You have to be a graduate or a double-first to be able to do this."

Criticising the increase in the price of petrol and in the vehicle excise duty, he said they would hit the working man very hard.

Mr. Jo Grimond (L., Orkney and Shetland), opened his speech by says: "I must begin by announcing that I am opposed to the petrol tax."

"This may appear to be a tax on consumption but it is in fact a tax on production."

Mr. Grimond said the tax would hit the rural areas very hard, would put up costs of agriculture, as well as the costs of retailers and all local industries. And it came right at a time when freight charges were already increasing.

"It will be an invitation to the oil producing countries to put up prices still further," he added.

It was useless to tell people to travel by public transport, because in many cases there was none, and even in London, it was often very bad.

Callaghan insists petrol duty increase follows usual form

BY IVOR OWEN, PARLIAMENTARY STAFF

DESPITE PRESSURE from Mrs. Margaret Thatcher, Opposition leader, in the Commons yesterday, the Prime Minister refused to be drawn into disclosing any contingency plans made by the Government in the event of the Budget resolution imposing the additional 5p on petrol duty being defeated on Monday night.

In his customary relaxed manner, Mr. Callaghan argued that the situation was no different to that when tax increases had been made in earlier Budgets.

"We will put the resolution before the House and we expect it to be carried. There would be very serious consequencies if it were not," he said.

This did not satisfy Mrs. Thatcher, who wanted to know the consequences—in the event of the resolution being defeated—for all those who had either sold petrol or bought petrol since Tuesday's Budget.

"This is an important constitutional question," she declared, amid Tory cheers. The consequences flowing from the Budget resolution being defeated should be made clear.

There were further cheers from the Tory benches when Mrs. Thatcher reminded the Prime Minister that he was heading a minority Government. "You must have taken time to consider this before the resolution comes before the House. If you know the answer now, will you tell us?

"Or is it that you don't know?" she demanded.

Mr. Callaghan answered that the position was exactly the same as with any other vote. "When the Government puts a motion down, it expects and hopes it will be carried."

With the Opposition benches waving aside this reply as inadequate, Mr. Norman Tebbitt (C., Chingford), protested: "For two days now, people have been charging tax on petrol, and it may well be that on Monday night that resolution will not be passed.

"The Prime Minister must know the answer. Will you now give it?" he asked.

Mr. Callaghan recalled that it was normal form for increases in tax, such as that imposed on petrol, to be given immediate effect after the Budget.

"It is always subject to ratification by the House at the end of the Budget debate. This is the normal practice, which will be followed on this occasion."

The Prime Minister was equally unforthcoming when faced with a concerted attempt by Tory backbenchers to force him to answer questions on the implications of the recently agreed Labour-Liberal pact. "I don't wish to answer questions on inter-party relations," he insisted.

An attempt by Mr. Michael Mates (C., Petersfield) to force an emergency debate on Mr. Callaghan's refusal to accept responsibility for answering such questions was rejected by the Speaker, Mr. George Thomas.

MP warns on police pay claim

IT WOULD be disastrous for the nation if moderate police leaders were replaced by those who wanted to take industrial action in support of their pay claim, Mr. Eldon Griffiths (C., Bury St. Edmunds) said in the Commons yesterday.

Mr. Griffiths, Parliamentary adviser to the Police Federation, added: "We are facing a particularly serious situation.

"There is not much time left before the moderate leaders of the Federation are replaced by those who would follow the bad example of other occupations and take industrial action to pursue this claim," he added.

Mr. Merlyn Rees, Home Secretary, said Mr. Griffiths was asking him to break the pay code. The alternative was to negotiate within the code.

Mental hospital problems for study

FINANCIAL TIMES REPORTER

THE GOVERNMENT announced last night the setting up of a working group to examine the major issues raised by recent mental hospital inquiries.

Mr. David Ennals, Social Services Secretary, said that the group would study, in particular, "the organisational management problems of mental illness hospitals and units in relation both to the new National Health Service structure and to the development of local district services.

"It will also examine those problems and solutions common to mental illness and mental handicap services."

Mr. Ennals said that the group's work would be complemented by the study being undertaken by the National Development Group for the Mentally Handicapped seeking ways "to bring about better performance, within existing resource constraints, in hospitals for the mentally handicapped."

Although the names of those serving on the working group have yet to be announced, Mr. Ennals made it clear they would be largely drawn from people with practical experience.

Police discipline query by MPs

MR. MERLYN REES, Home Secretary, told MPs yesterday that he would wait for disciplinary proceedings involving Lancashire's Chief Constable to be completed before considering whether changes are necessary in disciplinary arrangements for senior police officers.

He was replying to Mr. Ronald Atkins (Lab. Preston N.) and Mr. George Rodgers (Lab. Chorley) who asked in a Commons question if he remained satisfied with the law relating to disciplinary procedures.

Mr. Rees said the proceedings involving the Lancashire Chief Constable conformed with the existing arrangements. These were about to be consolidated in further regulations coming before Parliament on April 6 and would operate for charges preferred on, or after, June 1.

Soccer hooliganism concern

FOOTBALL HOOLIGANISM, particularly around the Derby County ground, was "extremely worrying." Mr. Merlyn Rees, Home Secretary, said in the Commons yesterday.

"Some of the cases brought to my notice deserve far more than attendance centres. It really is quite incredible in one small area around this ground," he added.

Mr. Walter Johnson (Lab., Derby S.) pointed out that his constituents had to barricade doors and windows, keep young and old off the streets and make good the damage left behind after a match. "Fines will not do," he declared.

Mr. Rees said that the subject had been receiving his recent attention and a further meeting of representatives of Chief Constables and football organisations was proposed.

Written Answers

TREASURY

Mr. Nicholas Ridley (Con, Cirencester and Tewkesbury). If, at April 5, 1977, the following duties were to be levied at rates revalorised to take account exactly of the change in the value of money since April, 1973, what revenue they would yield and what revenue yielded in 1973-74, viz: tobacco duty, spirits, wines, beer, petrol (including value-added tax) and vehicle Excise duty.

Mr. Robert Sheldon, Financial Secretary. It is estimated that, with rates of duty (and in the case of road fuel, duty and VAT) higher than in April 1973 by the increase in the retail price index between April 1973 and February 1977, the full year yield in 1976-1977 would have been £6,960m. The Budget estimate was £6,700m. Receipts of these duties in 1973-74 were £4,019.2m.

PRICES

Mr. Richard Wainwright (Lib, Colne Valley). How many studies have been completed by the Price Commission during the last six months? What products were covered by these studies?

Mr. Robert Maclennan, Under-Secretary. Three studies have been completed in this period. One, on funeral charges, was published on March 24. The reports on recommended retail prices and on soft drinks and mixers sold for consumption on licensed premises will be published shortly. In addition the Commission reported, in their latest quarterly report published in January, on two matters which they are required to keep under review, fresh food prices and potato prices. A report on a third such matter, the effects of metrication on retail prices, will be available shortly.

EMPLOYMENT

Mr. Michael Brotherton (Con, Louth). What is the estimate of the number of employees in trade union membership in 1974, 1975 and 1976?

Mr. John Golding, Under-Secretary. There were 11,673,000 persons in the U.K. who were members of trade unions at the end of 1974 and 11,859,000 at the end of 1975. Similar information for 1976 will not be available until later this year.

LABOUR NEWS

Union warns Leyland against buying IBM equipment

BY DAVID CHURCHILL, LABOUR STAFF

BRITISH LEYLAND has been warned b ya major trade union that it will take industrial action if it buys any equipment from the multi-national computer company IBM, due to IBM's refusal to recognise trade unions for its employees.

The warning has come from the Electrical and Plumbing Trades Union, one of four unions using the recognition provisions of the Employment Protection Act to try and force union recognition at IBM. Yesterday IBM nition at IBM. Yesterday IBM's 13,500 employees throughout the U.K. took part in a ballot organised by the Advisory Conciliation and Arbitration Service to determine whether there was sufficient support for union recognition.

The result of the ballot, carried out as part of a Section 11 claim under the Act, will not be known until June when ACAS is expected to report on the demands for union recognition.

The EPTU's warning to Leyland is cnocerned with the Truck and Bus Division's plans to buy a new internal telephone system. IBM's 3750 PABX system is believed to be one of the systems under review by Leyland.

A letter sent last year to EPTU shop stewards at Leyland, from a national officer of the union, says that it was mada clear to the company that "under no circumstances would this union co-operate with the installation, operation or servicing of any IBM internal telephone equipment purchased by the Truck and Bus Division."

It adds: "If the division did order the IBM equipment we would feel compelled to take other industrial action."

A spokesman for Leyland's Truck and Bus Division said last night that no decision had been made onwb ich internal telephone system would be ordered, but a decision was likely within the next few weeks.

Mr. Tom Rice, national secretary of the Electrical and Engineering Staff Association, the EPTU's white collar section which is seeking recognition at IBM, said last night that his association had not been involved in the Leyland talks. But he claimed that IBM's refusal to recognise unions meant that its commercial future was at risk as other unionised companies would be reluctant to buy their equipment.

"This is a fact of life for IBM," he added. "If it does not accept the union's claim for recognition then the future of the company is very bleak."

Power union recruiting drive hit by TUC

BY CHRISTIAN TYLER, LABOUR CORRESPONDENT

THE ELECTRICAL Power Engineers Association has suffered a setback in its recruitment campaign in private engineering companies.

In the first case to come before it since the EPEA decided to move outside the nationalised electricity supply industry, the TUC disputes committee has told the union it has contravened procedure by seeking to organise staff at GEC Reactor Equipment at Whetstone, near Leicester.

The EPEA had complained that another TUC affiliate, the staff section (TASS) of the Amalgamated Union of Engineering Workers, was blocking a recognition claim under the Employment Protection Act.

But the committee has said the EPEA must stop recruiting professional engineers and senior staff at the company and should advise its members there to join TASS. They should not pursue the recognition claim.

As a result, the unions will probably meet the TUC to discuss the problem over the whole field, where a number of other disputes are outstanding. Both TASS and the Association of Scientific, Technical and Managerial Staffs will argue that the EPEA has no place in private engineering, since it is not a party to agreements with the Engineering Employers Federation and not represented on the Confederation of Shipbuilding and Engineering Unions.

The EPEA said in its submission about Whetstone that it was not trying to move in on areas where TASS had a procedural agreement, and that outside those areas it had recruited more members in six months than TASS had done in six years. If the engineers in question did not join the EPEA they would stay outside a union or else join one of the non-TUC unions recruiting members.

● Mr. Eric Varley, Industry Secretary, has been asked by ASTMS and the Institution of Professional Civil Servants to set up an inquiry into the recruitment, training and qualifications of professional engineers as called for in a TUC resolution last year.

They argue that the shortage of entrants to the profession is endangering the Government's long-term industrial strategy.

Overtime ban by councils staff begins to-day

BY DAVID CHURCHILL, LABOUR STAFF

THE FIRST national industrial action by the biggest public sector union, the National and Local Government Officers Association, begins to-day with an overtime ban by all its 683,000 members in local government and public services.

The overtime ban, called in a bid to force the Government to reverse its policies on public expenditure cuts, could seriously delay local government administration.

In particular it is likely progressively to hit local authorities cash flow as rate assessments and processing is slowed down. Collection of council rents will also be affected. When NALGO imposed an overtime ban in the London area alone in 1974 it led to many traders having to wait for overdue payment from local authorities for goods and services used.

Although the bulk of NALGO's members are in local government, nearly 200,000 are in the gas, electricity, and water supply industries as well as the National Health Service and Universities. All these services will be hit by the overtime ban, although emergencies will be treated normally.

In addition to the overtime ban, called at a special union conference last January, NALGO members will continue with their policy of not carrying out extra duties caused by local councils failing to fill vacancies created by staff who have left. The union estimates that there are some 70,000 unfilled vacancies in local government.

Many authorities have cut services, instead of filling jobs, but the amount of overtime worked has increased, which will make the NALGO ban considerably more effective.

In a circular sent to branches yesterday, the union again gave details of the ban. It defined overtime as all hours worked above the standard working week and gives local branches the power to determine exceptions to the ban created by emergencies.

Where staff, such as committee clerks, work in the evening they must take the equivalent time off before the end of the working week. The union has also told members that the ban must not interfere with local elections or a general election.

Steelworks rundown goes on

THE PORT TALBOT steelworks was slowly grinding to a halt yesterday with no signs of a let-up in the unofficial strike by 580 electricians. All steel and iron production has been halted and the plant will officially shut down on Sunday morning leaving 8,500 idle.

Only the 4,000 white collar staff and the safety men will report for duty next week.

Redundancy move

Over 500 workers in the Clydebank firms of JBE Offshore, offshore module manufacturers, have been given 90 days notice of possible redundancy. The move follows the steady decline in orders that have affected the offshore industry. JBE Offshore, which has a workforce of 850, has also been hit by the recession in North Sea development.

Hospitals row

Fresh trouble broke out yesterday only two hours after a return to work at two of the Surrey hospitals hit by a strike. At Manor Hospital, Epsom, nine domestic staff, not involved in the strike, stopped work pending a full explanation by their shop stewards of the agreement to end the strike. At the Schiff Hospital, Cobham, some Transport and General Workers Union members walked out for a meeting to discuss the alleged attitudes of other staff members.

AUEW candidates

Nominations are being sought for the election of a successor to Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, who retires in October next year. Main contenders are Mr. Bob Wright, the Left's candidate, and Mr. Terry Duffy, backed by the Right wing. Nominations close on May 14.

Song contest on

The Eurovision song contest will be held at Wembley on May 7, it was announced yesterday. The 18-nation contest was due to have taken place on Saturday, but due to a pay dispute involving BBC outside broadcast cameramen, the show was postponed. The dispute is to go to arbitration.

Filton dispute

More than 2,000 hourly paid workers at the BAC factory at Filton, Bristol, home production base of Concorde, are starting an overtime ban in protest against forthcoming redundancies.

Resentment over toolroom review

By Arthur Smith, Midlands Correspondent

THERE ARE doubts that Leyland Cars manual workers will back the working party to be set up to examine industrial relations problems.

Mr. Varley, the Industry Secretary, has made it clear that radical improvements in labour relations must be made before the company seeks the next tranche of about £200m. State loan in the summer.

Resentment is mounting among members of the Amalgamated Union of Engineering Workers at the representation the AUEW national executive has given to toolmakers. Three of the six AUEW seats on the 27-working party have been allocated to toolroom representatives. Mr. Derek Robinson, the Communist chairman of the unofficial but powerful British Leyland stewards combine, has not been included.

Once the AUEW has officially informed branches of the composition of its team, Leyland workers are likely to send resolutions to district committees complaining about the imbalance.

"This review is supposed to be concerned with the pay problems of all Leyland manual workers not just the toolmakers," a senior member of the Coventry district committee said last night.

The Transport and General Workers Union has still to select its 11 delegates. Mr. Eddie McGarry, a leading TGWU convener, said last night the only way to get the confidence and support of the Leyland workforce was to elect delegates.

He thought the issue would be raised at a meeting of all Leyland Cars stewards to be held at Longbridge in the next two weeks. The gathering has been called for the report back of an ad hoc committee under the chairmanship of Mr. McGarry, which hammered a fringe benefit deal with management.

The deal was unexpectedly rejected by the workforce and the working party has failed to get further significant concessions from management.

Concluded

Leyland Cars workers at Longbridge, Birmingham, have given a new commitment to raise productivity in an effort to ensure the planned new Mini is built at the plant.

Negotiations were concluded on the eve of the company's announcement that capital investment would be frozen while a review of projects, including the £250m. Mini, takes place.

The men have agreed to negotiate changes in work practices and to accept training ready for the new car. Machinery for training purposes was expected at Longbridge in the next few months.

Shop stewards have agreed to redeployment of labour and steps to raise engine production in an effort to restore output of the present Mini and of the Allegro. Production has been disrupted b ya number of workers resigning from Longbridge and low output of engines at the plant.

About 400 workers left Longbridwge during the damaging four-week toolroom strike and resignations are continuing at about 40 a week.

The unions successfully fought management proposals that output of the Mini should be phased down from 3,500 a week to about 3,000, and the Allegro from 2,000 to 1,850. Such a move would have been necessitated purely by production problems as distributors are crying out for supplies.

New move to end Massey output dispute

By Our Midlands Correspondent

TRADE UNION officials have been called into Massey Ferguson's tractor plant, Coventry, in a new move to resolva the diapute which provoked a bitter 11-week strike.

More than two weeks after the return to work, 136 cab assemblers are still not meeting the company's output target of 48 tractors a shift.

The company declined to comment last night on what it described as a "very delicate situation." Discussions are continuing with local union officials and national officials can be involved before the procedure is exhausted.

Output since the resumption has varied considerably but on average is little different from the 38 tractors a shift achieved in November and December—a level which prompted management on December 20 to take disciplinary action against the cab assemblers.

Lloyds' scheme needs approval of shareholders

By Michael Blanden

PLANS FOR Lloyds Bank to introduce a profit-sharing scheme for employees would have to be approved by the shareholders since it would reduce the profits distributable to them, Sir Eric Faulkner, the chairman, explained at yesterday's annual general meeting.

Mr. Leif Mills, general secretary of the National Union of Bank Employees, had pressed for an indication of the possible time-scale for introducing a scheme.

Sir Eric replied that he could not indicate the time scale, which would depend in part on the conditions of the official pay policy. But he said the decision to call in consultants on the issue indicated a commitment to the principle of introducing a profit-sharing scheme.

The Management Page

EDITED BY JOHN ELLIOTT

GEOFFREY OWEN reports on why a leading U.S. industrialist, unhappy about social trends in Europe, feels his company has the right approach to the motivation of people and to raising productivity

An alternative route to participation

THERE IS a growing conflict between American ideas about how business should be run and social trends in Europe. Many Americans fear that the increase in trade union power, together with Government policies designed to maintain job security, may undermine the basis for efficient and profitable industry.

Mark Shepherd, chief executive of Texas Instruments, is unhappy about the way things are going in Europe. The reasons are numerous: wage increases far exceeding productivity, government unwillingness to let large, inefficient firms fail; labour reluctance to accept automation, management tolerance of underemployment; unemployment benefits approaching full wage levels; legislation and union agreements which severely restrict the ability of companies to reduce employment levels or even to realign jobs when market conditions require it. With rising costs and deteriorating profit margins, Europe is losing its attraction for new investment capital.

Critical of absenteeism

Shepherd is especially critical of absenteeism which, in some European countries, is "encouraged by lenient administration of socialised health programmes." In Holland absenteeism is a much greater problem than it is in the U.S. because unlimited sick leave is provided at full pay and the programme is poorly policed. He says that in Asian countries where TI operates absenteeism is not a major problem and productivity is high; these countries pose a growing competitive threat to Europe.

As Shepherd explained in a speech to a recent management conference in Davos, he believes that his company's approach to employee participation is far more effective, both in raising productivity and in enabling individuals to develop his or her talents to the full, than union-based co-determination schemes. TI, incidentally, is the third largest non-union employer in the U.S.

"The basic elements in managing a corporation, he says, are to define its goals, to make certain they are measurable and to establish a system for tracking the progress achieved and assuring necessary feedback. "Corporate leaders must be teachers. For unless the goals can be convincingly communicated and unless the necessary corporate culture can be created to meet them, goals will never be achieved."

TI's financial goals are summarised on this page. Shepherd puts great stress on "asset effectiveness," getting the maximum amount of sales and the maximum amount of profit out of a given amount of assets. But "asset effectiveness" can only be achieved if there is also "people effectiveness" and this depends on motivation.

"Individuals are motivated when their personal goals are being met, when they have a real sense of involvement, when they can contribute their unique talents and abilities to do a job and when they are recognised for their achievements."

Motivation must be achieved in a way which is compatible with the required distribution of planning and control. "The lathe operator should have maximum control over how he plans his work, does his work and controls his work, but he should not decide what part to make. If the parts are scheduled for some purpose beyond the efficient operation of his work station, he has to make them in that sequence."

One aspect of what Shepherd calls "people effectiveness" is the team concept. Teams of natural work groups set their own improvement goals and measure their progress against those goals. In Germany, for example, a group of people involved in scheduling, planning, inspecting, shipping and invoicing customer orders set out to reduce the order entry error rate from 1.6 per cent. to 0.5 per cent. over a seven-month period. Each person's task was worked out in detail by the team members themselves; an error rate of 0.4 per cent. was achieved by the agreed date. Shepherd says more than 85 per cent. of TI's worldwide employees are participating in some kind of team programme.

TI makes extensive use of attitude surveys to measure such factors as employee morale, pride in working for TI, how the employees perceive the company and its management, job security and career opportunity. Last year more than 38,000 employees in 31 locations participated in attitude surveys. "Results are reviewed at scheduled meetings. Corrective action programmes are required and follow-up reviews conducted. The best improvement programmes are those that are developed and implemented by teams of employees rather than management."

Opportunity for rewards

Central to the company's philosophy is the "success-sharing" system, which provides employees with the opportunity for personal financial rewards as TI meets its goals for profitable growth. The programmes include pension plans, profit sharing in the form of TI stock and a stock option purchase scheme.

Profit sharing is based on TI's world-wide turnover, profits, payroll and assets. The relationship between return on assets, the people-effectiveness index (turnover divided by payroll) and profit sharing as a percentage of earnings is described alongside and illustrated in table 3.

To improve the people effectivenesa index, net sales per person must increase faster than average pay per person. The index has been edging upwards from about 2.25 in 1969 and the goal is to reach 3.1 during the 1980s.

In 1973, a very good year, the people effectiveness index was 2.5 per cent. and the return on assets was 11.4 per cent. This meant, by reference to the formula shown in Table 3, that the amount of money available for profit sharing was 6.7 per cent.; for each employee the company sets aside an amount of money equivalent to 6.7 per cent. of his annual salary to buy TI shares. These shares are held in trust for each employee until he retires from the company or leaves; thus the scheme is designed to provide, not an immediate addition to salary, but a form of long-term investment and a means of identifying the employee's interests with those of the company.

"We believe," says Shepherd, "the people effectiveness index motivates employees to strive for productivity increases because of the direct tie to profit sharing." The intention is that employees should own about 25 per cent. of the company by the early 1990s.

Shepherd points out that the TI stock earned through profit sharing, coupled with other success sharing programmes, can produce substantial long-term security for career-minded TI employees. "Everybody wins when we do the job right." He shows how these programmes worked for 143 employees who had participated in them throughout their careers and retired in the period from 1971 to 1975. Their total income at the age of 65, consisting of company pension, Government pension and TI profit-sharing expressed in terms of annuity equivalent, is calculated as a percentage of the individual's final salary during the final five years with TI.

Five years' average pay

For those who had served for 20-23 years the median income was 88 per cent. of the final five years' average pay. For those who had served for 28-30 years the median income was 110 per cent.

The aim is to make the success sharing system available to all TI employees throughout the world; TI has about 66,000 employees in 18 countries. At present about 66 per cent. of TI's employees in seven different countries are covered by the total success sharing package and the coverage is expected to reach 78 per cent. by the end of this year. However, in several countries there are legal obstacles to the implementation of some of the schemes.

Shepherd emphasises that the driving force behind all these programmes is the determination to increase the productivity of people and assets. "As productivity gains are realised, our goals for profitable growth can be met with fewer additional people. As TI's success is shared with its employees, they become more involved and more committed and another gain in people effectiveness is achieved, producing gains for TI, employees, our other stockholders and the societies we serve."

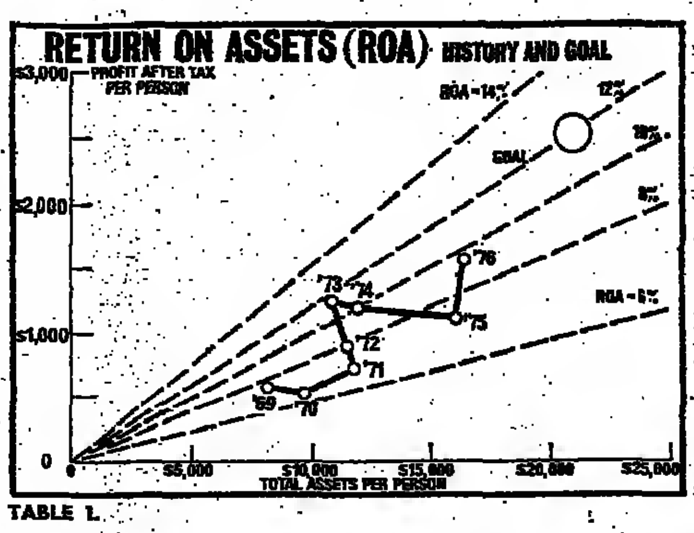


TABLE 1.

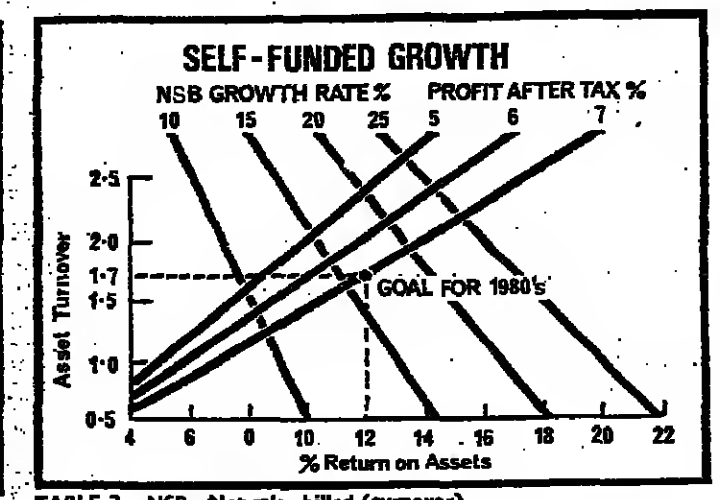


TABLE 2. NSB—Net sales billed (turnover)

UNIVERSAL PROFIT SHARING TABLE

PEOPLE EFFECTIVENESS INDEX
RATIO OF SALES TO PAYROLL

RETURN ON ASSETS %	2.0	2.6	2.7	2.9	3.1	5.0
3.5	0	0	0	0	0	0
9.4	4.4	5.6	5.8	6.2	6.6	10.4
11.6	5.8	7.0	7.2	7.6	8.0	11.8
11.8	5.9	7.1	7.3	7.7	8.1	11.9
12.0	6.0	7.2	7.4	7.8	$\boxed{8.2}$ Goal for 1980s	12.0
15.0	10.0	11.2	11.4	11.8	12.2	16.0
17.0	14.0	15.2	15.4	15.8	16.2	20.0

TABLE 3.

A system for monitoring financial goals

TEXAS INSTRUMENTS has a set of financial objectives of which the most important is a 12 per cent. after-tax return on assets. Table 1 illustrates the last eight years' performance. When TI achieves $3bn., in turnover, which it aims to do by 1980—last year's figure was $1.7bn. (£1.02bn.)—it expects to be operating within the range shown: profit after tax per person of $2,500 (£1,450) and assets per person of $21,000 (£12,200).

Table 2 shows in more detail how TI aims to achieve the desired rate of growth in sales without having to raise new finance by borrowing or new equity issues. The return on assets can be expressed aimply as after-tax profit as a percentage of assets; to get a 12 per cent. return on assets of $1.77bn. would require profits of $210m. (last year's profits were $97m.). Another way of arriving at the same figure is to work out "asset turnover" (sales divided by assets) and after-tax profit as a percentage of sales. If TI achieves sales of $3bn. on assets of $1.77bn. the "asset turnover" is 1.7 times. If it achieves after-tax profits of $210m. on sales of $3bn., profits as percentage of sales are 7 per cent. The return on assets is 1.7 times × 7 per cent. = 12 per cent.

Return on assets can be improved either by generating more sales volume per dollar of assets or by increasing the profit on sales. By keeping the "asset turnover" between 1.7 and 2 times TI aims to reach its targeted return on assets with a relatively low margin on sales of 6-7 per cent. — a necessary policy in view of the competitive markets in which TI operates.

TI has calculated that if these financial targets are met it has the financial capacity to grow at a rate of 16 per cent. a year on a "self-funded" basis, that is, keeping the debt-equity ratio constant at a conservative level.

"The value of good asset management," Shepherd has told TI's shareholders, "is not fully appreciated by the market-place. Organisations with weaknesses in this area of management face constant issues of new equity or increases in debt-equity ratio, especially if they are in high-growth-rate markets."

TI's principal measure of labour productivity is the people effectiveness index, which is the value of net sales billed, or turnover, divided by payroll costs. Thus in 1976 turnover was $1,659m. and payroll costs were $638m., so that the people effectiveness index was 2.6.

For the purposes of the profit-sharing system, this index is plotted against return on assets as shown in Table 3. If the people effectiveness index is 2.6 and the return on assets is 9.4 per cent., then profit sharing is 5.6 per cent. This means that for each employee the company sets aside an amount of money equivalent to 5.6 per cent. of his salary to buy TI shares. The goal for the 1980s is 8.2 per cent. profit sharing, based on a people effectiveness index of 3.1 and a return on assets of 12 per cent.

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FRIDAY, APRIL 1, 1977

The floater arrives

IF WEDNESDAY was an activa day for the gilt-edged markat in the sense that prices rose very sharply in response to the Budget proposals, yesterday was an active day in a different sense. Some prices did indeed rise soma way further; but it was a spate of news directly concerning the gilt-edgad market which made the day extraordinary. First the Bank of England announced a cut in minimum lending rate of a full 1 per cent. without waiting for the result of to-day's Treasury bill tender as expected: at the same time, the discount market was forced to borrow a moderate amount for seven days, at the new rate. Second, a new short-dated tap stock was announced, again on the instalment plan. And third, the Treasury announced in a written Parliamentary answer that stepa were being taken with the aim of bringing out a new security with a rata of interest that would vary with Treasury bill rate — the long-discussed floating bond.

The cut in minimum lending rate was the least surprising of these moves. It was presumably announced on Thursday rather than Friday because the authorities not only wished to get back into line with the downward movement of money market rates and re-establish the formula but to signal where they thought bill rate should settle, at least for this week.

Spreading out

The forcing of the discount market into the Bank for seven days at the new rate and the announcement of a new short tap should help this consolidation at the short end of the market, but the form of the new tap has an additional significance. It is another instalment-plan issue; and though, as in the case of its predecessor, this may attract a certain amount of stagging interest, the real aim is to spread out sales of stock to the public. Some new issue had to be made available if the onrush of the market were to be controlled, but sufficient stock has already been sold to satisfy sterling M3 requirements for 1976/7. The instalment-plan method ensures that most of the sales which the present appetite of the market makes possible will in fact be credited to 1977/8.

This spreading-out is needed not only for the sake of a smooth control of the money supply but to satisfy the quarterly monitoring of the International Monetary Fund that DCE targets are in fact being hit. The introduction of a floating-rate bond at this time, after so protracted and anxious discussion, seems to be dua to much the same cause. The Bank can sell gilt-edged on a massive scale when the market is rising but may find it difficult to sell whan the market is in tha wrong mood —as it was, for example, last summer. A different instrument was needed to maintain sales and progress toward the monetary target even when interest rates are rising.

Variable rate

The floater, which will offer a variable return tied to but slightly higher than Treasury bill rate, is designed to achieve precisely this result. At times like the present, when rates are falling and the demand for orthodox bonds is strong, the new bond may have little appeal. When sentiment changes and rates look like moving up, however, it will become automatically attractive —how attractive, only actual experience can show. It should enable the authorities to pursue a more regular monetary policy and free them from the feeling that they need to attempt the impossible and control the money supply and interest rates simultaneously.

It should make obsolete the traditional sales method of pushing the market sharply down from time to time, so that stock could then be sold on a gradually rising market, and thereby greatly reduce the need to issue long-dated high-coupon stock which will become a heavy liability as soon as inflation rates fall. In the present situation, in particular, it should make the authorities less apprehensive about the possible technical results of a sharp drop in interest rates. Although there are likely to be only few buyers for such a stock at this time, that is exactly why arrangements for issuing it should be completed as soon as possible: when the turn in the market comes, and nobody can predict exactly when that will be, the floater should be there on the shelf, waiting.

President Carter must try again

THERE ARE two schools of thought as to why the negotiations on strategic arms control which Mr. Cyrus Vance, the U.S. Secretary of State, has been conducting in Moscow have ended in failure. The first is that when faced with proposals for genuine arms reductions rather than the codification of rules under which tha super powers can continua the arms race, the Russians are simply not interested. The second is that the proposals which Mr. Vance presented were so radical and comprehensive that an ageing, and perhaps divided, Soviet leadership waa incapable of absorbing them at such short notice.

Setback

There is as yet no hard evidence either way. The fact that the Russians agreed to the setting up of a number of U.S.-Soviet study groups—some of them on highly sensitive subjects such as the trasfer of conventional weapons to third countries—suggests that Moscow is still more than interested in pursuing the dialogue. On the other hand, if the American proposals on SALT were too far-reaching to produce a quick but considered response, the Russians could quite reasonably have asked for more time. Instead, in the words of Mr. Vance, the proposals were turned down as "unacceptable" and nothing new was offered in their place.

It is a setback, but not necessarily a disaster. The wisest course now is to put the proposals again to the point where the Soviet leadership becomes familiar with them and convinced that President Carter is serious. That indeed already seems to be the chosen policy. Mr. Vance is to meet the Soviet Foreign Minister, Mr. Gromyko, in Geneva in May, and the President insisted in his Press conference on Wednesday night that tha talks must go on.

It has to be admitted too that the American proposals require some absorbing. They are radical to the brink of revolutionary—even more so than was genarally known when Mr. Vance set out for Moscow at the end of last week. For the first time a U.S. President is offering not only reductions in existing deployments, but also a moratorium on technological developments. In proposing a limit on the range of the cruisa missile, for example, the President is offering a concession in the very area where American technology is at its most superior and indeed most feared—provided the Russians give something in return. There are similarly radical proposals on verification and tha exchanga of information. All these moves represent such a fundamental break from tha conduct of previous arms control negotiations that it would not be surprising if the Russians needed time to reflect. They are being asked, after all, to abandon a charade and to negotiate about disarmament.

Good faith

The time, however, cannot be unlimited. "Obviously," President Carter said at his Press conference, "if we feel at the conclusion of the next month'a discussions that the Soviets are not acting in good faith with us, and an agreement is unlikely, I would be forced to consider a much more deep commitment to the development and deployment of additional weapons." Not many people want that to happen. Very few would gain from it. But it could be done, and it may have to be done. President Carter has made his offer and is ready to discuss it. That is what the Russians have to think about.

The mysterious challenge to Mobutu

By BRIDGET BLOOM, Africa Correspondent

BUT FOR THE serious implications for a huge and strategic area in central Africa, it would be tempting to describe the three-week-old invasion of Zaire in terms of Beau Geste or John Buchan. A motley force of some 2,000 black soldiers of fortune, who have fought over the last 17 years in turn for Katangese secession, Portuguese imperialism, and a Marxist dominated African guerilla movemant, launched themselves on March 10 into a remote corner of Zaire.

At first, nobody seemed to take them very seriously, certainly few knew what they were doing. No reporter has found them. Yet three weeks later, with almost no fighting, they have apparently got control of half a dozen towns and pose a serious threat not only to one of the world's major copper producers, but to the stability of the Zaire Government itself.

The copper market reacted nervously to the invasion though the existence of huge international stocks during the recession has acted as a shock absorber. Prices, however, would be very sensitiva to any prolonged interruption of supplies.

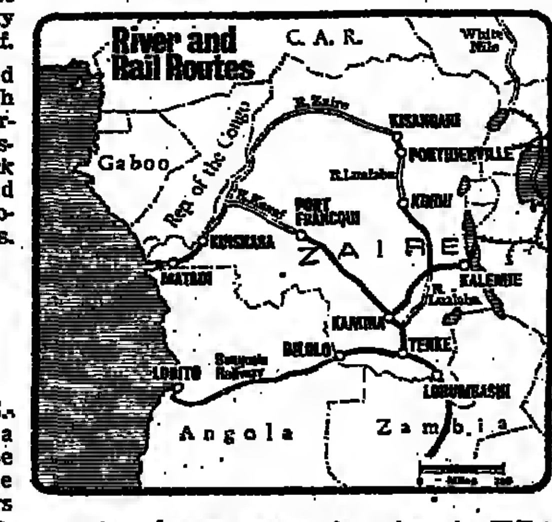
Clutch of neighbours

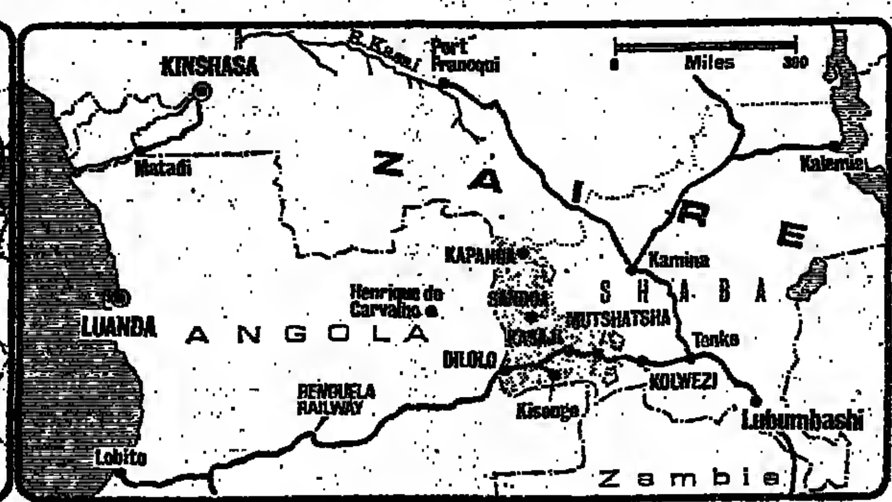
Zaire, ruled by the U.S.-backed President Mobutu for a decade, could conceivably be threatened with a repeat of the chaotic unrest of its early years as the Congo. Its copper industry, and its foreign exchange earnings, could be in jeopardy, while the drama threatens to embroil a clutch of neighbouring African states, including Zambia and Angola, whosa Cuban-backed army, Zaire has alleged, is involved in the invasion.

There are very few ascertainable facts about the force, its backers, its conquests or its aims. "There's a fog of confusion," a diplomat from a western embassy admitted. Its nearest reporting post is 300 miles from the scene of the action, and its main information must come from the capital, Kinshasa, nearly 1,000 miles away. What information there is must be pieced together from Zaire Government, diplomatic, intelligence, missionary and mining company sources. "As always in that country," said a mining engineer with 20 years' experience in the former Belgian Congo, "you take your pick from half a dozen versions."

With that very necessary caveat, the invading force is believed to have been originally about 1,500-2,000 strong. Some think it may now be as large as 5,000. It crossed the Angola border into Zaire at two or three points, the most important being the railhead town of Dilolo. Riding in lorries and armed apparently with light weapons and Russian 122mm mortars (there is no confirmation that it has the more sophisticated multiple-headed Stalin organ so effectively used by the Cuban-lad Angolan troops), the force split into two or three columns. Within a week of March 10, it had apparently gained control of Dilolo and Kisenge in the south, and Kapanga and Kasaji in the north. Late last week, it gained Mutshatsha, and latest reports say that Kolwezi, the western headquarters of the State-owned copper producer, Gecamines, is now seriously threatened by the invaders.

What is known of the composition of tha force gives some clue to its possible aims and





certainly to its success so far. It seems certain that the majority of the soldiers are Lunda from southern Shaba (formerly Katanga) who formed the backbone of the gendarmerie formed by Moise Tshombe in 1961 to uphold the sacession of Katanga from the former Belgian Congo. When that ambition collapsed in 1963, the remnants of the force fled to Angola — where for ten years they fought, in Katangan units, alongside the Portuguese colonial army. They switched allegiance after the coup in Portugal, and joined (still in their own apparently well organised units) the MPLA in its fight against the rival Unita and FNLA in last year's civil war in Angola.

This about turn shows that the Katangans have little ideological motivation. Their own aims are unclear, beyond their obvious penchant for a fight and their presumed desire to return to their own homes. Their initial successes are certainly partly explicable by their having moved through their own tribal areas. The first key question is whether they are fighting for their own ends (perhaps another Katanga secession, or even to try to engineer the overthrow of the Zaire Government of President Mobutu), or whether they are the cat's paw (as President Mobutu has alleged) of the Angolans, themselves heavily backed by the Cubans and the Soviat Union.

It seems clear that they could not have invaded Zaire without the knowledge and tacit support of Angola, if only because Angolan and Cuban troops are apparently still active in the border area, and because the Katangans originally needed fuel and other logistic support from Angola. Neither is it difficult to see why the Angolans themselves, or the Cubans or Soviets, might encourage tha invasion. The MPLA has reason to dislike and distrust President Mobnto, who supported the FNLA/Unita coalition during the Angolan civil war, and who, when the FNLA was facing defeat, sent in some 3,000-4,000 Zaire troops to fight alongside them. President Mobnto has not honoured the agreement signed between Zaire and President Neto of Angola at the end of the civil war in February, 1976: whether from political weakness or through lack of political will, he has apparently not yet disarmed the FNLA in its Zaire camps, and the Angolans allege that last February he actively encouraged armed attacks across both the Angolan and Cabindan borders.

For their part, the Soviets and Cubans, ideologically opposed to the western-oriented Zaire government, might be expected to encourage any action which would embarrass or perhaps even overthrow President Mobutu, for it would also embarrass Washington, currently working out a new African policy which could well result in decreased U.S. support for Zaire.

Despite allegations from Zaire that Coban troops are actually accompanying the Katangese, the most likely explanation is that Angola has sanctioned the invasion primarily, as one diplomat put it, to "twist Mobutu's tail." Having held a show trial of mercenaries last year, the MPLA is hardly likely to risk the opprobrium of other African States by encouraging mercenaries to go into Zaire. The calculation seems to have been that the Katangese (who were themselves supposed to have been disarmed under the Angolan-Zaire agreement) could cause enough trouble to Mobutu on their own—and that, if they failed, Angola could not be blamed.

If the most probable explanation for the invasion is that both the Katangese and the Angolans, for their different reasons, wanted in a limited way to embarrass President Mobutu, there can be little doubt that they have so far succeeded (possibly by a greater margin than they dared hope). They have moreover dramatically underlined the weakness of the Zaire Government and its armed forces.

The invading force appears to have caught both local and central army commanders unaware. Apparently no Zaire troops were in the area where the Katangese originally crossed, and the few gendarmes there were apparently unable to put up any sort of fight. In Shaba province as a whole (an area more than twice as large as the U.K.), it is said that there were only some 3,000-4,000 men, most of whom were at the provincial headquarters of Lumumbashi or farther north around the air base of Kamina. Small Zairean units were sent in piecemeal, and either seem to have retreated without a fight or, in at least one case, were ambushed. Whether from inefficiency or because morale is low, the Government has made no major immediate effort to send in reinforcements.

Now it is said to have begun airlifting several companies of men from other parts of Zaire into Shaba, with what success remains to be seen. Initially there were logistic problems. It is said that fuel supplies were short, partly because of illicit sales of military fuel to civilians. Other shortages, such as that of spares, may be partly offset by recent U.S. supplies (though not arms) and apparently some arms from Belgium.

But there are deeper problems in the Zaire army which could well impair the tough stand needad from it now. Morale is low, partly as a result of the humiliating defeat of the units which fought in the Angolan civil war last year, and partly because of the ramifications of an attempted coup 18 months ago, which, while nipped in the bud, resulted in jail sentences of between six months and 25 years on over 20 senior officers, most of whom were from the Baluba tribe of north Shaba and Kasai.

President Mobutu's general treatment of the army has not helped. Though a coup-maker himself in 1965, he has tended to neglect the rank and file, making political deals for the personal loyalty of senior officers, many of whom — like the army chief, Gen. Bumba — are from the old Congolese *Force publique*. Younger officers trained abroad (around a dozen are at Sandhurst) have tended to be kept in managerial rather than command positions. The overall effect has been to render the army inefficient and perhaps unreliable.

Together with this military weakness one must take account of the serious economic situation facing Zaire, as well as widespread political dissatisfaction which, while largely hidden, could easily come to the surface if President Mobutu's essentially dictatorial regime were seen to be seriously threatened.

Zaire has suffered in the last three years from the combined effects of low copper prices, rising oil prices, and world inflation—problems worsened by the closure since 1975 of the major copper export route along the Benguela railway. There has been heavy medium term borrowing (much of which, with western banks, has now been rescheduled to offer some short term alleviation). A 40 per cent. devaluation was carried out last March. Raging inflation has fuelled political dissatisfaction in the towns and the countryside, where a corrupt bureaucracy (and unpopular army) seem increasingly burdensome. "Anyone who possesses a parcel of authority," the courageously outspoken Archbishop of Lumumbashi, Mgr. Kabanga, was reported as saying in a pastoral letter a year ago, "uses it to browbeat and exploit other people . . . how many unemployed are condemnad with their families to misery because they lack tha money to briba tho recruiting agent. . . Formarly we were crushed by the colonisers. To-day our condition is worse, brought about by tha behaviour of our own people."

Explosively diverse

Beyond the immediate question of the invasion perhaps the most serious problem is what has been termed Zaire's fundamental ungovernability. Almost tha size of Western Europe (with only minimal infrastructure) it is ethnically probably more diverse than Europe but far more explosivaly so. The early years of independence showed that a disturbance in Katanga provoked moves against tha central Government elsewhere. The Baluba of northern Shaba and Kasai rarely make common cause with the Lunda; thera is a very small but undefeated guerilla movement along the Tanzanian border; exiled opposition movements, whether from Kivu, where the white mercenaries were finally defeated, or Kisangani (the Lumumbist stronghold), or from Shaba itself have already begun to speak out stridently. The Bakongo, in the south west straddling the Angolan border, are far from happy. President Mobutu, himself from a minority tribe, should be given credit for holding the country together against tremendous odds, but the unity remains fragile.

There can be no doubt that most African states, and those western Governments which have supported President Mobutu, are now deeply worried that what began as an apparently minor incident could precipitate a major African crisis. The Nigerian Foreign Minister, Brigadier Joseph Garba, has full western and much African support on his mission to Kinshasa and Luanda where he is trying to make prudent counsels prevail.

MEN AND MATTERS

Creative Vultures Limited

Is there life after passing into receivership? That is the question which has been exercising the mind of two young men about the City, Michael Carlton and Keith Whitten, who have spent the last two years unravelling the tangled financial affairs of Consolidated Commercial Company, a bizarre — Whitten more politely described it as "small and diversified"— conglomerate formerly controlled by old-Etonian self-confessed dunce Andrew Gordon.

The two became interested in Consolidated back in 1975, when Carlton was acting as adviser to Peter Brewer who, among other interests had a stake in gravel pits and slag heaps and the Lancia dealership in South East London, and Whitten was at Brewers bankers, Italian International. Looking for excitement Brewer decided to buy the Aberdeen based publicly-quoted investment trust and granite quarry company Rubislaw Investment Trust as a vehicle for *reversing into* Consolidated Commercial. He was attracted by the potential of Consolidated's food interests, particularly food distributors and wholesalers Peek, Winch and Tod and Liverpool Grain Storage and Transit.

As the new owner shortly found to his cost, however, Consolidated proved to be a classic can of worms. The worms included a New York hotel, and Long Island real estate to which no clear proof of ownership could be attached, vastly overpriced antiques and furnishings, a Singapore ceramics company with a technically and economically disastrous baking oven, and a Nigerian biscuit company which was profitable, but, for reasons connected with local business methods, could only be disposed of at a substantial discount to a local Chief with political weight.

This sad story was partly reflected in the 1974 accounts which showed a turnround from £1.08m. declared profit in 1973 to a loss of £1.7m. in 1974 whilst shareholders funds fell from £2.6m. to £772,000 in the same period.

This was the mess that Carlton and Whitten, who left the Italian International Bank in May, 1975, had to sort out. They sold the Nigerian company, for around £1m., abandoned the American real estate, and settled litigation over the Singapore company. Closer investigation of Peek, Winch and Tod food wholesalers however revealed losses so crippling that the parent company, which in the meantima has now changed its name to Peek Holdings Group, asked main creditors Lloyds Bank to appoint a receiver. Working closely with the receiver Carlton and Whitten kept discount store chain Dickies Discounts Ltd. trading pending sale, while Liverpool Grain is now trading normally and out of the receiver's hands.

Which brings us back to our starting point—is their life after receivership? Carlton and Whitten believe there is, and, encouraged by Lloyds and other banks looking for a more effective way of recovering money from receivership, have just set up Carlton Whitten and Co. Lord Gisborough, "who knows people and is sensible," in Whitten's words, is the virtually mandatory Peer on the letterhead, together with two accountants and an MIT trained engineer Robert Temple as "our concession to technology" and link with the U.S. where CW also have an arrangement with U.S. investment bank D. H. Blair.

CW aim to operate as "creative vultures" as I put it, or "intelligent receiver-managers" as Whitten, an immensely tall, soft spoken 30-year-old lawyer preferred, and use the expertise gained over the last two years to polish up the assets of other groggy companies going into receivership by bringing in new management, selling good will and turnover and generally disposing of or valorising assets in an orderly fashion.

"It's enough to drive you to drink!"

Looking ahead Whitten has ambitions to do the sama with healthier companies, an ambition which he hopes will eventually lead to the creation of their *own Merchant Bank*.

Mitchell's move

Sir Derek Mitchell's decision to move from heading the overseas finance side of the Treasury to the board of Guinness Mahon only three weeks after Alan Lord announced departure for Dunlop spotlights the holes appearing in the top structure of the Treasury. There is apparently no question of any difference of opinion on policy behind Sir Derek's move, though he does bear the battle scars of clashes with *Lady Falkender* in the mid-1960s when he was Principal Private Secretary to Sir Harold Wilson.

Indeed Sir Derek delayed his departure because of last year's crisis. His decision, at 55, to join a group with a wide range of international interests is an obvious step since he has spent the last few years on the overseas side, both in London and Washington.

Sir Derek is not the only new recruit to Guinness Mahon which is undertaking a major expansion of its activities. Lord Goodman has also agreed to become a consultant. Sir Derek appears rather irritated, however, that he will have to wait six months before taking up his new appointment instead of tha usual three months for a senior civil servant. No official reason has been given for this. In the meantime he would apparently like to fulfil one of his hitherto secret ambitions of appearing on BBC radio'a Man of Action music programme.

Assay, Assay

Britain's small jewellery manufacturers are in revolt at what they term "excessive delays" in hall-marking their pieces by the Assay Office. Some City jewellers complain of delays of up to three weeks compared with the normal two to three days getting their pieces marked, and that means the expensive enforced tie-up of their capital.

Deputy Warden of the London Assay Office, J. Forbes, admits taking up to ten days for gold and 12 for silver and blames delays on unprecedented demand, with over 1m. pieces hall-marked in March, 50 per cent. above normal.

The new fashion for display hallmarks, requiring more intricate work, plus Jubilee year souvenirs is adding to volume but it is the excessive and unseasonable demand for gold which has really stumped the Assay offices in London and the provinces.

To cope with the backlog the London Assay Office is now recruiting more staff and bringing in new equipment.

Observer

POLITICS TO-DAY

BY DAVID WATT

Education for democracy

PROFESSOR JOHN Kenneth Galbraith's marathon television series "The Age of Uncertainty" seems to have annoyed as many people as it pleased — which is presumably pretty much what he intended. Personally I found it intolerable to look at, but a great pleasure to read. However, I doubt whether many people would dispute that the solo part of it ended very strongly last week with the discussion of one of the oldest and deepest questions in political philosophy — the role of education as a preparation for citizenship.

As usual, Galbraith is better at stating the problem than answering it, but he posed the problem for advanced Western democracies in lapidary fashion: "We want the largest possible number of participants in democratic discussion. . . We want them to believe that in a democracy they are sovereign, have the right and the responsibility and the power to decide; and we also want to train leaders, men and women who *are equipped with the knowledge* and the self-confidence, and maybe also the self-esteem, to decide for others and then to win acceptance for their will, because that is the meaning of leadership. So we ask for leaders, and we ask for followers who are told that leadership belongs to them. . . . On the *one* hand, the competitive meritocracy, the will to succeed: on the other hand, the need to submerge personality, be part of the team, accept that politics is the art of the possible."

For most of the last century, Britain has tended to solve *this* dilemma simply by ignoring *one horn of it*. We have concentrated resources mainly on the training of leaders for political and administrative responsibility. Since 1870, when Robert Lowe justified the Elementary Education Act by the need "*to educate our* masters," after the enlargement of franchise, there has been an implicit assumption all round that public education is something to do with citizenship; but the political and education Establishment has shied away instinctively from trying to make a deliberate effort out of it. It was presumed for many years that the school system would reinforce respect for the established political order, and that this would "emerge" from the teaching of history, geography, languages and literature. In any case, as the 1943 Norwood Report put it, "the most valuable influence for developing that sense of responsibility without which any amount of sheer information is of little benefit is the general spirit and outlook of the school—what is sometimes called the 'tone' of the school."

The rather muscular-Christian overtones of this last remark have a strange ring to-day. But the question is whether the reality has changed as much in the subsequent 35 years as the needs of the situation have done. Since the 1944 Education Act, there has been a social revolution of vast proportions.

The British education system has naturally been affected by these changes, for while a few conservatives have taken the view that the successful creation of a fully active, informed, popular electorate would be a disaster, because it would make stable government *impossible*, the consensus has, mercifully, coalesced around the opposite position. Stated in a utilitarian form this is that a badly informed but powerful electorate puts irresistible pressure on politicians *for* wrong, and even self-contradictory, policies and opens the way for demagoguery and manipulation.

This climate of opinion is all very well, but can it be successfully translated into action? The experience of the past few years *shows* how difficult this is. Political education, even in the widest sense of "preparation for real life," has found its way into the schools in the most patchy and haphazard fashion. This is not, perhaps, so much to worry about at the higher levels—in sixth forms, particularly in selective schools. Political instruction appears in the *syllabus*, not only on the old lines—that is, through the teaching of history and so on—but also more directly than before in some of the modern "A" level subjects, such as Economics, Sociology and the like. Even here, though, unless the student is specifically doing "British Constitution"—a subject still cast in a pretty dry-as-dust traditional mould — the *intense pressure of time tends* to squeeze public affairs to a peripheral status.

NEWSPAPERS READ

	%		%
Guardian	3	Sun	43
Telegraph	7	Mirror	47
Times	4	Express	18
Other dailies	10	Mail	13

Local papers 55%

DAILIES

	%
Everyday	55
4-5 times a week	13
2-3 times a week	11
Once a week	14
Occasionally	15
Never	1

FREQUENCY OF LISTENING AND VIEWING NEWS BROADCASTS

Television news %		Radio news %
54	At least everyday	36
21	4-5 times a week	12
11	2-3 times a week	11
7	Once a week	3
11	Occasionally	27
2	Never	10

WATCHING CURRENT AFFAIRS PROGRAMMES

	%
Panorama (BBC1)	11
This Week (ITV)	29
Nationwide (BBC1)	61
World In Action (ITV)	38
Man Alive (BBC2)	24
Weekend World (ITV)	11
Newsday (BBC2)	6

But the real problem arises over those who leave school at 16. Theory would prescribe that they ought to go into the world equipped with a framework of knowledge and skill into which they can fit their subsequent "political" experiences. On the purely consumer side of politics they need at a minimum to understand roughly how the system works and how to operate it in their own interest at local and national level.

At a slightly higher level—which is even more crucial from a "civic" point of view they *need to have some "feel" for* conflict and the ways in which it can be resolved without resort to force. And this, in turn, means understanding something about authority and consent and the application of give-and-take to public issues. *Finally* they will understand all these things better if they have some idea of how other national and international systems work.

As soon as one sets these requirements down in cold blood, one immediately invites the helpless laughter and derision of anyone who has tried to teach a class of 14-year-olds in the lower streams of comprehensives. Life is not like that, for at least 60 per cent of the school population and all the theoretical blueprints in the world cannot alter the fact that, *as things are at the moment, it* is not likely to be changed. "O" level and CSE civics courses are not usually drawn up on these lines but on a much more arid and conventional basis which makes them (not surprisingly) into the cinderellas of the system.

The latest evidence on this point is contained in a forthcoming report by the Hansard Society, some of whose results are shown in the tables. Using a stratified random sample of 4,000 15- and 16-year-olds, filling in a paper and pencil questionnaire in the class room in 1975, Mr. Robert Stradling has come up with some predictably depressing, but nevertheless interesting figures.

Certainly these school leavers were pretty short on factual information. Most knew the names of contemporary political personalities such as the Prime Minister but only 52 per cent knew the name of their local MP and only 25 per cent knew *which constituency* he represented. The theoretical workings of the system were very badly understood. At least half had an unrealistic picture of the role of an MP or the governmental decision-making process. As one of the tables shows, knowledge of the parties and issues was very patchy.

On the other hand there were some results of a more encouraging kind. One conclusion which clearly emerges is that knowledge and interest sharply increase as the issues get nearer home. The table showing the identification of responsibilities for local services *is quite* impressive particularly where the local council is concerned. Another table (not reproduced) shows that quite a large proportion had some idea of a strategy by which they might influence a local council decision. Again there was no doubt about the intelligent perception of self-interest which put unemployment at the top of the "most serious problems" table. The section on political information is not too depressing either. As the table shows, quite a lot of reasonably serious television *watching goes on* and in another table (not shown), a very comfortable majority believed that it was important to vote.

The question is whether anything more can or ought to be built by the schools on this distinctly rickety foundation. The present policy of most education authorities and teachers seems to be that it cannot. Politics, like religion and sex in schools, is an emotive business and provokes *all* sorts of defensive mechanisms. Visions of young radical teachers instilling revolution into innocent minds is never far distant and *institutions* like schools which are almost inevitably autocratic to some extent, do not take kindly to practical exercises in democracy. Then there are all the practical difficulties of finding time and overcoming apathy in a field which is not part of the exam syllabus.

And yet, it is hard to believe that the logic of *events* in British society and politics is not going to push us further. The politicians can now be heard making occasional speeches on the subject, and at Mrs. Shirley Williams' discussion conferences on education this *spring* it has constantly come up. The Hansard Society, the Nuffield Foundation, the Leverhulme Trust and others have undertaken a lot of research. It is even possible that the hungry sheep themselves are looking up: for one of the Hansard tables shows that 74 per cent thought they ought to know more about current affairs and politics than they did.

POLITICAL AWARENESS OF SCHOOL LEAVERS

(From a Hansard Society Survey of 4,000 people)

IDENTIFICATION OF PARTY POLICIES

	Cons.	Lab.	Lib.
1. Taxes should be cut as soon as possible	33	38	24
2. The Govt. should take over and run more industries	26	60	10
3. The Govt. should create more Comprehensive Schools	21	59	16
4. Workers and management should co-operate as partners	24	44	27
5. Council tenants should be encouraged to buy their houses	48	25	21
6. Defence expenditure should be cut	27	41	27
7. People should be allowed to spend their money on pay beds and private schools	60	18	17

IDENTIFICATION OF RESPONSIBILITIES FOR LOCAL SERVICES

Who is responsible for:*	Government	Council	Regional Board	Not sure	Adults† giving correct answers
	%	%	%	%	%
Water supply	4	29	57	4	
Social security	61	23	5	5	67
Refuse collection	6	72	8	9	93
Parks and swimming pools	8	74	11	3	
Electricity supply	14	10	67	4	
Housing	26	61	3	4	80

* *Correct answers underlined*

† *Source: 1967 Royal Commission on Local Government in England*

MOST SERIOUS PROBLEMS

Type of problem	Sample	Adults
	%	%
Cost of living, prices	24	83
Industrial relations;	—	28
Unemployment;	35	23
Housing;	4	8
EEC	1	5
Other economic problems	3	14
Environmental problems	24	
Defence and international affairs	7	
Political problems (threats to democracy, etc.)	5	
Generation Gap	3	
Education	4	
Lack of youth amenities	2	
Crime and violence	4	

Letters to the Editor

Mortgage rates

From the Deputy Chief General Manager, Nationwide Building Society.

Sir,—The letter from Sarah and Robert Holland (March 31) contained some misleading conclusions based on extracts from the latest Nationwide Building Society annual report and accounts. Your correspondents *state* quite correctly that in 1976 Nationwide received £183m. in interest on mortgages. What they *do not mention* is that Nationwide paid out £191m. of interest to investors, including the income-tax which is paid on their behalf to the Inland Revenue. Moreover, in addition to the £183m. of mortgage interest, Nationwide obtained another £49.6m. of income from the investment of liquid funds. It is therefore after the deduction of management expenses of £17.6m. and a depreciation of fixed assets charge of £1.3m. that we arrive at the total excess of income over expenditure of £22.7m. referred to in the letter. The Society, however, *then has to pay* corporation tax at 40 per cent (that is £10.9m.) leaving £11.8m. surplus which formed part of the transfer to reserve.

I share your correspondents' concern about high interest rates, but these are not caused by building society management expenses. Societies have to follow the general level of interest rates because we must offer a competitive rate of interest to our investors. Without them there would be no mortgage money available. Nationwide management expenses represent only 84p per £100 of our total assets of £2278m. They compare favourably with the estimate for all societies of 90p per £100, and very favourably with other financial institutions.

Building societies open branches primarily to attract investors who demand a convenient local service for their savings. High Street locations [illegible] by building societies [illegible] not always available or permitted on planning grounds. In Coventry, for example, building society branches are not allowed in the main shopping precinct.

Despite the 12¼ per cent mortgage rate of recent months the demand for mortgages has remained very strong and in 1976 Nationwide advanced [illegible] in mortgages. Consequently the suggestion that the building societies should contract is hardly appropriate to the growing demand for home ownership. In addition, societies have also agreed to lend a further [illegible] to replace local authorities [illegible] in the lower part of the market, in addition to £142m. already lent under a similar scheme.

While it is certainly true that the country needs to invest more in manufacturing industry, that is no reason to cut down on investment in housing, as the Prime Minister observed recently in Parliament.

Cyril English,
New Oxford House,
High Holborn, W.C.1.

Fuel saving techniques

From Mr. R. Marsh.

Sir,—The Chancellor in his Budget speech (March 30) correctly stressed that "North Sea oil will not last for ever," and the Government policy of curbing demand through the price mechanism of increased Excise Duty must be considered a wise national strategy.

The protestations however of the Road Haulage Association that there is "no way in which road hauliers can be expected to absorb these costs" is demonstrably defeatist in the extreme.

In recent years developments in fuel saving techniques have been such that the current price increase and much more can be saved in many circumstances. The reaction of the haulage operators to increased fuel costs must be to recognise their interest and responsibility for the best use of the fuel available and not to pass on the onus of increased costs to the general public unless it is absolutely essential.

Robin L. Marsh,
C. T. Group,
3 Hobart Place,
S.W.1.

Some sort of a measure

From Mr. K. Bond

Sir,—I read with some interest the letter of March 30 on Milk and Mail charges.

As it happens, as a piece of lighthearted comparison I wrote recently to the managing director of Mars bars drawing his attention to the relationship between the price of a Mars bar and the cost of a letter. This has no real economic value other than some sort of a measure between wages and prices and productivity.

I pointed out that in 1938 or thereabouts Mars bars were 2d and letters 1½d, or so I believed. In January this year it was rumoured that the Post Office would move from 8½p for first-class letters and 6½p for second-class letters. At this time Mars bars were 8p retail. I asked whether this move on the part of the Post Office would be mirrored by a move on the part of Mars bars. I received no reply from Mars bars, but what do we find? Mars bars have gone up to 9p and have actually implemented their price *rise* of 1p per bar before the Post Office. In short, if you want to now what is going to happen to the cost of moving letters around the country watch the price of Mars bars in shops.

The so-called average industrial wage has moved from say £3 in 1938 to around £58 to-day—a multiple of 18.6. This would make the cost of letters relatively cheaper even at 9p than they were in 1938. But then one also needs to consider the relative standards of service. I am not sure whether Mars bars are the same, they *still seem* pretty good to me, perhaps someone else knows whether milk and Mars bars have maintained their ingredient values.

K. I. Bond.
40, Earle Drive,
Neston,
Wirral, Cheshire.

Relative values

From Mr. S. Duggan

Sir,—Mr. E. S. Gray (March 29) *seeks to persuade* us that because the average wage has risen 20-fold since 1937 then postage is now *relatively* cheaper than 40 years ago having risen only 19 times (for a 2 lb parcel) and 13.6 times (for a first class letter).

If Mr. Gray would like to recalculate his figures to allow for (a) income tax; (b) domestic rates; (c) the effect of changes in indirect taxation on other items of necessary expenditure, he is likely to emerge with a different result.

I am, however, bound to agree that a bottle of whisky is still relatively good value.

S. W. Duggan,
Tiltwood House,
Crawley Down, Sussex.

Milk and mail charges

From The Director, Public Relations, Post Office.

Sir,—In comparing milk and mail charges, I *am afraid the* chairman of Creamline Dairies (March 30) has missed the point.

While the *dairy* industry, like the Post Office, performs an admirable service, its distribution and delivery commitments differ totally from those of the mail service.

If every cow in every dairy herd were to produce pintas each destined for a specified customer, and all the individually addressed pintas had to be sorted and delivered to the individual addresses on each bottle, then there might be some value in comparison.

My point is that there can be no true comparison, as Mr. Roe's letter confirms.

Peter H. Young,
Central Headquarters,
23, Howland Street, W.1.

Exacerbating inflation

From Signor Pietro Manes.

Sir,—With reference to the current debate on monetary *policy* and *interest* rates, may I express a rather unorthodox view? I believe that some countries are going bankrupt because economics is enslaved to the myth that monetary restrictions serve to fight inflation. This is just not true.

The rate of interest is considered in theoretical economics almost exclusively as a tool of monetary policy. Its role of creator of money income flows is totally ignored. But in to-day's economic environment, where money creation depends much more on Government deficits than on bank credit, the rate of interest is no longer an effective tool of monetary policy, while its income-creation effect becomes paramount. Given a level of Government deficit spending, monetary restrictions *only* make inflation worse.

In to-day's conditions, monetary restrictions act only on bank liquidity and not on consumer-held liquidity, which is the true inflationary money supply. Therefore monetary restrictions are of *no use in* checking consumption and prices. They simulate austerity, but in reality, by increasing production costs and creating a larger flow of spendable money-income, they act exactly in the opposite direction.

Monetary restrictions do not serve *to support* the external value of money either. This is determined in the long run not by interest rates but by the trend of domestic prices relative to prices in other countries. Higher interest rates may temporarily influence capital movements (the "luring in" effect, we might call it) thus helping to hold for a while the foreign exchange rate at a higher level, but *then only* at a higher final cost for the country.

The problem, in essence, is the following. If we consolidate the consumer sector of the economy—"households" shortly—on the one hand, and the corporations the Government and other public authorities, on the other, we find that, in the modern affluent societies, households are net holders of financial assets while the other sector (henceforth, shortly "the corporations and Government sector") is the net debtor of the same assets. And we also find—as a statistical observable fact—that the more *an economy becomes* affluent the more household savings tend to increase, while savings by corporations *come under increasing* pressure and the Government becomes generally a dissaver. Therefore, to keep the economy going, personal savings have to be recycled, that is, given back to *corporations* and the Government through the money and financial markets. Thus the net assets of the household sector (=net debts of the corporations and Government sector) tend to increase more and more. Now these accumulated net assets (let us call them A) produce a flow of interest payments (call it I) from the corporations and Government sector to the household sector, which depends both on the amount of accumulated assets and the average rate of interest (call it i) at which they are employed, according to the formula: I=A.i.

Monetary restrictions push up interest rates, *thus hampering* production and making it more costly. They may produce some unemployment, but in so far as this is socially protected, personal incomes will not be unduly diminished. On the other hand, monetary restrictions have no effect on the *accumulated* assets of the household sector. We see therefore that when applying monetary restrictions, with the illusion of restricting consumption, we achieve exactly the contrary result: we expand the flow of interest payments accruing *to* the consumers, according to the above formula, while reducing the supply of goods and *services that come to* the market. Thus we exacerbate inflationary pressures and lay the ground for further deteriorations.

Pietro Manes.
Via Nicone 8, 20123 Milano.

The price of tea

From Mr. J. Tanner.

Sir,—The high auction price of tea presents a tremendous opportunity for raising standards of living in some of the poorest developing countries. Few members of the public will begrudge paying poor countries more for their tea, especially after 20 years of price stagnation. Many consumers, however, are concerned that the extra we are paying in the shops will end up in the wrong pockets.

London auction prices of around 250p a kilo (March 29) seem light years removed from the levels of 1973, when TV's "World in Action" highlighted the plight of malnourished tea pickers in Sri Lanka. In those days some companies argued that with tea fetching less than 50p a kilo it was difficult to find the money to improve conditions.

Undoubtedly better prices will mean higher tax receipts by Third World governments. In Sri Lanka particularly, where the estates are nationalised, increased prices are of direct benefit to the Government which can now improve the lot of ordinary people on the island. Remittances to parent companies, however, can also be expected to *rise*, as already reflected in Brooke Bond's interim statement for the last half of 1976.

British tea profits in India more than doubled between 1970 and 1974, *from* £3.5m. to £7.5m. but investment remained at a very low level. Can the companies involved in the production of tea, assure us that the current windfall profits will be used to help the poor in the Third World?

In particular can they assure us that they are improving wages and conditions on the estates sufficiently and that profits will be reinvested in the country of *origin* and not simply used to boost the profits of the parent company in Britain? We believe the tea drinking public has the right to know.

John Tanner,
World Development Movement,
Bedford Chambers,
Covent Garden, W.C.2.

To-day's Events

Mr. Cyrus Vance, U.S. Secretary of State, who arrived in London last evening after visits to Moscow and Bonn, leaves this afternoon for Paris.

Prime Minister and Mr. John Silkin, Minister of Agriculture, visit Telford new town.

Mr. Robert Muldoon, New Zealand Prime Minister, ends four-day visit to London.

EEC Regional Policy Committee on tour of British investment projects aided by its development fund.

National overtime ban by members of National and Local *Government Officers' Association* begins in protest at public spending cuts.

Mr. William Rodgers, Transport Secretary, addresses meeting of Faversham Labour Party, Sitting*bourne*.

Greater London Young Conservatives annual conference begins, Bournemouth.

Domestic coal prices increased by average of 15 per cent and gas prices by average of *10* per cent.

British exporters will now pay higher premiums for export credit insurance.

Fares on most internal U.K. air routes up by between 5 and 15 per cent.

NHS charges. Single lens glasses now cost 65p more *for* each lens. Maximum charge for most courses of dental treatment *increased from* £3.50 to £5.

Sir Robin Gillett, Lord Mayor of London, and his Sherriffs attend United *Guilds* service, St. Paul's Cathedral, noon.

Exhibition of gold and silver from Romano World *opens*, British Museum, Bloomsbury, W.C.1 (until September 30).

PARLIAMENTARY BUSINESS

House of Commons: Private Members' motions.

COMPANY MEETINGS

Allied Textile, Huddersfield, 11. British American and General Trust, 20, Fenchurch Street, E.C., 11.30. Coroercroft, Coventry, 12. Marchwiel Holdings, Chester, 10.30. Morrall (Abel), Redditch, Worcs., 3. Northern Foods, Hull, 12.30. River and Mercantile Trust, 44, Bloomsbury Square, W.C., 12. West Coast and Texas Regional Investment Trust, 20, Birchin Lane, E.C., 12.30. Witter (Thomas), Witnell, Chorley, 12.

SPORT

Golf: *Halford Hewitt* tournament, Deal. Tennis: Indoor tournament, Earls Court, 6 p.m. Table tennis: World championships, Birmingham.

OPERA

Royal Opera production of Don Giovanni, Covent Garden, W.C.2, 7 p.m.

COMPANY NEWS + COMMENT

U.K. share helps Bowater to peak £78m.

INCREASED contributions from the U.K., up from £4.8m. to £21.2m., and North America from £53.4m. to £60.3m. helped lift pre-tax profit of The Bowater Corporation to a record £78.3m. during 1976, compared with £52.9m. last time.

The effect of the devaluation of sterling during 1976 increased the sterling value of profits of overseas subsidiaries by £8.4m. relative to 1975.

At halfway profit was up from £25.8m. to £31.5m.

For the year stated earnings are 21.7p per £1 share, against 15.3p—final dividend is 5.5p for an 8.3p total (7.1p).

ACT has been paid at the rate of 35 per cent. on the interim dividend and has been assumed at the proposed rate of 35 per cent. on the final. On this basis, tax on U.K. earnings is sufficient to cover ACT on the 1976 dividends and to allow a recovery of £9.3m. ACT from prior years which, in accordance with the accounting policy adopted in 1975, has been offset against the cost of the dividends.

This treatment is not in accordance with Statement of Standard Accounting Practice Number 8, say the directors. Had the standard been applied, profit before extraordinary items would be £27.8m. and earnings per ordinary share 21.0p, compared with £13.9m. and 12.3p.

	1976 £m	1975 £m
Turnover	1,475.0	1,107.0
Paper and pulp	375.0	289.7
Packaging	104.3	83.8
Building products, etc.	76.7	73.2
Tissue products	111.5	98.3
Internatl. trading	683.1	439.1
Retailing, etc.	154.0	122.1
Financial	11.7	11.1
Depreciation	30.5	24.3
Pre-tax profit	78.3	52.9
Paper and pulp	37.1	47.0
Packaging	9.0	5.5
Building prods. etc. loss	4.7	2.9
Tissue products	10.1	6.4
Internatl. trading	11.7	7.6
Retailing, etc.	1.5	0.7
Financial	0.4	0.5
Unallocated int. & costs	6.6	5.7
Taxation	44.0	30.0
Net profit	34.3	22.0
Minority interest etc.	6.8	4.3
Extraord. debits*	5.0	7.4
Preference divs.	0.3	0.3
Ordinary	10.4	8.3
U.K. ACT	0.7	3.8
To holders' funds	5.1	2.1
Balance	19.7	10.3

* Loss. · Less transfer from reserves. ‡ Credit. § From holders' funds. Relate to amounts written off or provided upon reorganisation or disposal of a number of businesses. Goodwill, representing premiums paid on acquisition of businesses, is set against Ordinary shareholders' funds as it arises. An amount of £3.7m. has been written off goodwill in 1976 and an equivalent transfer from reserves has been made.

● **comment**

Bowater is 48 per cent. ahead pre-tax in line with market expectations, and heading for further earnings growth in 1977. North America should keep moving upwards: the pulp market is still weak but newsprint prices moved up into line with the competition in August and the Canadian dollar is back into a favourable alignment with its U.S. counterpart. At home, there are obvious downside risks in international trading where cotton dominates. But the rest of the U.K. is mostly healthy, and Europe's losses are now apparently over after biggish write-off in 1976. The associates have recovered strongly to profits of £3m. The tax charge should move down to more normal level this year so the p/e at 200p probably eases from 9 to a prospective 7½. Meantime, yield is 6½ per cent., covered 2½ times.

INDEX TO COMPANY HIGHLIGHTS

Friction side aids BBA

MANUFACTURERS of friction materials, industrial textiles, etc., BBA Group reports profits before tax for 1976 ahead 18.9 per cent. from £6.3m. to £7.49m., mainly reflecting growth in the frictional materials division which accounted for 82 per cent. of profits.

Group earnings per 25p share expanded from 6.44p to 7p and the final dividend is 1.42p for a net total of 2.13p (1.94p adjusted for a one-for-three scrip issue).

	1976 £000	1975 £000
Group sales	99,095	78,761
U.K.	42,133	37,598
Overseas	56,962	41,163
Exports	12,611	10,638
Trading profit	11,722	9,798
Depreciation	3,225	2,520
Interest	1,242	1,132
Deb. interest	200	200
Operating profit	7,055	5,944
Share of assoc.	438	358
Profit before tax	7,493	6,302
U.K.	3,502	2,385
Overseas	3,991	3,917
Tax	3,839	3,140
Profit after tax	3,654	3,162
Minority profits	497	222
Attributable	3,157	2,940
Pref. divs.	7	7
Ord. interim	322	298
Final	640	581
Retained	2,188	2,059

At half-way profits were up from £2.71m. to £2.99m.

The directors report that in the U.K., Mintex had an outstanding year, while the group benefited by a change in the method of stock valuation from direct cost to include some overheads, which produced £314,000. Results of the mechanical handling interests, however, were disappointing.

They state that they believe profit for 1977 will again be higher.

● **comment**

The 19 per cent. rise in pre-tax profits at BBA is due to the strength of the friction materials side. The automotive industry was regaining its confidence in 1976 and BBA benefited in particular by obtaining the contract to manufacture brake linings for the Ford Fiesta. The industrial side, on the other hand, had a poor year with demand in the U.S. being especially weak. Now however, there are signs of an upturn in orders and the expectation of further profits growth next year rests on recovery in this division. Certainly the medium-term scope must be substantial since demand by the construction industry for the company's handling equipment has been very depressed. At 46p, the shares yield 7.4 per cent., covered 3.3 times.

Bifurcated Engng. up £0.51m.

AFTER AN expansion in pre-tax profit from £310,000 to £595,000 in the first half Bifurcated Engineering ended 1976 ahead by £505,000 at £1,143,000. Sales rose £1.62m. to £9.84m.

The results for the current year depend much on the level of inflation and the successful conclusion of the Phase Three of the pay policy say the directors. Orders for packaging and automatic feeding equipment are currently at a high level and those for cold formed products are showing moderate improvement, they report.

Stated earnings per 25p more than doubled to 10.02p (4.66p) and a net final dividend of 2.025p lifts the total to 3.025p (2.75p).

Demand for all products improved gradually through most of the year and exports reached a record £2.05m.

Combined English ahead

ON SALES ahead by £3m. to £54.47m. Combined English Stores Group achieved a rise in taxable profit from £4.35m. to £4.61m. in the year to January 29, 1977. The profit included a surplus on disposal of retail shops in the ordinary course of business of £0.61m. against £0.59m.

At halftime profit was down at £1.15m. (£1.43m.) but the directors said the company was well placed to benefit from any increase in consumer spending.

Looking ahead they now say they are confident that the company will continue to prosper and grow.

Stated earnings per 12½p share were better at 12.37p on capital increased by loan stock conversion (11.88p) and a net final dividend of 1.5279p raises the total to 2.9029p (2.639p). At year end cash balances were £5.51m. (£5.01m.).

A valuation of properties in U.K. and Belgium at January 29, 1977, showed a surplus of £4.82m. over book value.

● **comment**

After being 19 per cent. down at the half-way stage, Combined English Stores recovered in the secondhalf to finish 6 per cent. higher. This was partly due to some recovery in demand but more important was the benefit of acquisitions, without which last year's profit would not have been beaten. The new associate, Combined European Retailers, contributed £310,000, an enormous return on the small equity investment of under £½m. The demand for menswear and fashion accessories remains at a depressed level but the tax concessions in the budget should help and the recovery potential is encouraging. With this in mind, the p/e ratio of 4.6 at 58p seems uncharitable, comparing with an average for the sector of 13.7. The yield is 7.9 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Appleyard Group	2.78	May 18	2.78	4.4	4
APV Group	6.64	May 19	6.03	10.22	9.29
Ash and Lacy	3	May 23	3	5.94	5.4
Assoc. Book Publishers	2.4	—	2.39	3.6	3.27
Aurora	2.16	May 27	3.03	6.44	3.9
BBA Group	1.42	July 6	1.29*	2.13	1.94*
Bifurcated Eng.	2.03	May 20	1.58	3.03	2.75
Bowater	5.5	July 6	4.6	8.3	7.1
Bridon ...sec. int.	3.95	May 27	3.6	—	5.5
Brown and Jackson	0.2	—	2.1	2.2	4.1
Cadbury Schweppes	2.07	—	1.82	2.72	2.48
Richard Clay	1.83	April 29	1.58	2.83	2.58
Clifford's Dairies	1.71	May 28	1.55*	1.71	1.55*
Combined English	1.53¶	July 1	1.39	2.9¶	2.64
Coral Leisure	3.0†	—	2.3	8.0†	5.82
Desoutter Bros.	6.5	May 31	4.34	10	7.84
James Dickie	1.93	—	1.8	3.86	3.6
Dorada Holdings	2.48	May 31	2.11	4.13	3.76
Erith and Co.	3.02	May 20	2.81	4.8	4.51
Fothergill and Harvey	3.56	—	3.06	5.56	5.06
Hanger Invs.	0.41	—	0.25	0.41	0.25
London Brick	1.76	July 2	1.6	2.89	2.63
Intl. Combustion	0.39	—	0.33	0.72	0.65
Percy Lane	1.94	—	1.5	2.94	1.5
Lucas Inds. ... int.	2.12†	May 13	1.52	—	7.36
Magnolia Group	1.68	May 27	1.52	2.42	2.2
Bernard Matthews	4.75	—	6	8.25	7.51
Mixconcrete	1.72	—	1.34	2.86	2.4
Provincial Ins.	8.4	July 1	5.82	11.67	10.61
Austin Reed	2.67§	July 2	2.42	3.94	3.58
I. D. and S. Rivlin ... int.	1.17	May 2	1.17	—	2.34
Royal Worcester	3.77†	May 13	3.25	5.72†	5.2
Sirdar ... int.	1.15	May 19	1.04	—	2.15
Spirax-Sarco	3.66	May 14	3.33	6.10	5.63
Triplevest	1.9	April 30	1.65	3.93	3.54

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For 18 months to December 31, 1976. § Gross throughout. ¶ On capital increased by loan stock conversion.

London Brick holds on to first half headway

HOLDING steady in the second half pre-tax profits of London Brick Company finished 1976 ahead from £9.79m. to £10.52m. At halfway the advance was from £5.1m. to £5.9m.

The final dividend per 25p share is 1.7576p lifting the total for the year from 2.627625p to 2.8899p net.

	1976 £000	1975 £000
Turnover	76,380	66,964
Trading profit	11,948	11,962
Depreciation	1,620	1,540
Loan stock interest	930	939
Investment income	1,123	308
Pre-tax profit	10,521	9,791
Tax	5,325	5,196
Net profit	5,196	4,605
Extraordinary debits	*900	—
Attributable	4,296	4,605
Retained	2,381	3,046

* Represents the approximate difference between cost of certain listed investments and their current market value. The directors considered it prudent to make this provision although the investments were acquired because of a long-term interest in the companies concerned.

● **comment**

At the half-way stage London Brick looked capable of earning £12m. in the full year but in the end pre-tax profits are only 7.5 per cent. up. A combination of appalling weather and a drop in housing starts of over a quarter in the final three months of 1976, took its toll on trading profits which fell by £1.5m. in the second half. In addition, the Banbury companies (acquired as a diversification move in 1974) were affected by the squeeze on disposable incomes and their profits fell. Nevertheless, brick production increased by 14 per cent. over the year and the group is still working at 80-85 per cent. capacity, though stocks are now running at between five and six weeks production. In January private and public housing starts were down by 29 per cent. and 39 per cent. respectively and total brick industry stocks had risen by 38 per cent. in the two months to February. But following the recent sharp fall in interest rates London Brick is nowhere near as gloomy about the outlook for private housebuilding (which takes over half its output) as it was at the year end. The more than trebled investment income last year underlines the healthy cash position, and the shares, at 49p, yield 9.1 per cent. and the dividend is covered three times.

Bridon reaches £18.28m.

AFTER BEING steady at halfway, at £10.3m. against £10.2m., Bridon finished 1976 with record pre-tax profits, up from £17m. to £18.28m. on turnover increased by £29.036m. to £243.91m.

The directors say that market trends for the group's products throughout the world showed considerable variations in 1976. Exports, they add, contributed materially to profits but results from North America and Europe were disappointing.

	1976 £000	1975 £000
Turnover	243,914	214,878
Trading profit	21,709	20,470
U.K.	12,570	8,785
Americas	2,999	4,604
Africa	3,991	4,181
Europe	1,321	3,561
Asia, Australasia etc.	829	337
Interest paid	3,426	3,458
Profit before taxation*	18,283	17,012
Taxation	8,883	7,700
Net profit	9,400	9,312
Net loss of subs.	99	†370
Attributable	9,499	8,942
Preference divs.	12	12
Ordinary divs.	3,081	2,722
Retained	6,406	6,208

* Includes profit of assoc. companies £6,500 (£6,574). † Profit.

Earnings per 25p share are shown as 18.63p (18.82p) basic and 17.8p (17.49p) diluted. A record interim dividend is announced of 3.95p (3.6p final), with a consideration of a further payment should ACT be changed. Total for last year was 5.5p.

● **comment**

About three years ago Bridon, with its large overseas interests and strong export content, was regarded by many as a glamour stock. Since then, however, some of the gloss has rubbed off. The main overseas markets, the U.S. and Europe, have seen demand for steel wire and wire ropes plummet over the last year or so and in 1976 the profits slump here sent the overseas contribution 22 per cent. lower, despite a big jump from Asia, Australasia and the Pacific. The main growth last year came from the U.K.—profits up 43 per cent.—but the impetus here now appears to be fading. The outlook for the associates, producing low carbon wire products, is still quite bright but elsewhere U.K. demand is slipping and exports are now coming up against some stiff price resistance. Europe and the Americas are expected to start on their long recovery treks fairly soon but the most that could probably be hoped from the group as a whole in 1977, is a further addition to pre-tax profits of about £2m. The shares, at 139p, are now quite justifiably rated in line with the rest of the general engineering sector on a fully diluted p/e of 7½ and a yield of 6.2 per cent.

ISSUE NEWS AND COMMENT

Dalgety Rights to raise £11.9m.

Dalgety announces a one for four rights issue at 187p to raise about £11.9m. after expenses. It also intends to recommend a final dividend of 6.2607p, on the increased capital, which together with the interim already declared totals 11.5p for the year, an increase of over 29 per cent. The issue has been underwritten by Lazard Brothers and Co. and dealings in the new shares are expected to start in London on April 18, 1977 and in Australia on April 19.

The group has identified several opportunities to improve profits by fixed capital investment in its U.K. agricultural and food operations and the proceeds will be used to take advantage of these opportunities. The increased equity base will also give increased flexibility for further development of the overseas businesses.

As reported profits for the six months to December 31, 1976 were £8.1m. (against £7.8m.) and the group expects profits before tax and minority interests for the year to June 30, 1977 to be above those for the previous year.

Allotment letters will be sent out on April 15, 1977 for acceptance and payment in full on May 6, 1977. Cazenove and Co. are brokers to the issue.

● **comment**

Dalgety's high gearing—debt was around 103 per cent. of net worth at end 1975-76—makes a rights issue good sense at the moment and the terms, which are offering the new shares at a 19 per cent. discount, seem attractive enough. Where the group will eventually use the extra cash within its U.K. operation is not entirely clear. Certainly, it is anticipating a sizeable improvement in demand at the depressed AB Maltsters in the near future, but there is already spare capacity here and the money may be better spent in expanding the chemical, agricultural, merchanting, and pig-breeding activities which are already moving ahead. All the same, the main boost to current year profits seems bound to come from New Zealand and Canada which were making the pace at half-time. These should push full-year profits up to around £18½m., excluding issue benefits, which would allow the forecast dividend, yielding 7.7 per cent. ex rights, to be covered more than twice. The shares rose 1p yesterday to 241p.

9¼% Tap stock

The Bank of England announces the issue of £800m. of 9¼ per cent. Exchequer Stock 1982 at £97.00 per cent. payable as to £15 on application, £25 on May 12 and the balance on July 4, 1977. Interest on the stock is payable half-yearly with the first payment of £2.73 per cent. on September 22, 1977. The stock will be repaid at par on September 22 1982.

The prospectus will be advertised on Monday, and the application list will close on Wednesday. Letters of allotment may be split into denominations of £100. They must be lodged for registration when the final instalment is paid on July 4 1977; if the final payment is made before the due date, they may be lodged for registration at the same time or at any time thereafter, but in any case not later than July 4.

KENNINGS

Kennings announces that 1,544,392 Ordinary 25p shares have been issued pursuant to the Conversion of £1,081,075 8 per cent. Convertible Unsecured Loan Stock 1989/94. The new shares will rank pari passu in all respects with the existing Ordinary Shares of the Company.

Application has been made for the new shares to be admitted to the Official List. The amount of stock remaining in issue is £1,773,520.

Fothergill & Harvey

AS FORECAST Fothergill and Harvey recovered from its first-half setback—when a decline from £0.41m. to £0.34m. was reported—and finished the year to January 1, 1977 with pre-tax profits ahead from £0.72m. to £0.9m.

Earnings per 25p share are up from 7.01p to 8.96p and the final dividend of 3.561p net makes a total of 5.561p against 5.0555p.

The company operates as manufacturers of fluorocarbon products, fibre reinforced composites and industrial synthetic textiles.

	1976-77 £	1975-76 £
Turnover	9,641,986	8,145,578
Trading profit	1,202,934	973,809
Depreciation	186,214	156,112
Interest payable	113,941	97,948
Profit before tax	902,679	719,742
Tax	411,903	361,515
Net profit	490,786	358,227
Extraord. debits	—	91,258
To revenue reserve	—	91,258
Available	490,786	358,227
Interim div.	109,514	109,514
Final	194,988	167,309
Retained	186,284	81,404

BP expenditure outlook

Authorised future capital expenditure by The British Petroleum Company is estimated at £1.87bn., including about £420m. for which contracts have been placed, according to the 1976 report and accounts.

Capital spending in 1976 totalled £976.4m, and included the continuing heavy cost involved in creating and developing new crude oil production and transportation facilities in the North Sea and Alaska. A total of £679m. went in production and exploration.

A statement of source and application of funds shows a £224m. increase in working capital (£93.2m.)—liquid resources dropped by £118.6m. (£187.4m.).

In their report, the directors say that with the continuing increase in production from the Forties Field during the year it is estimated that the balance of payments benefited by £370m. from the group's North Sea oil activities in 1976. This figure will be very significantly higher for 1977 as production from the Forties Field approaches its maximum potential production of 500,000 barrels per day.

Exports of oil products and chemicals from the U.K. were valued at £500m. and £113m. respectively. These figures by themselves are not indicative of the group's contribution to the U.K. balance of payments.

Product prices were slow to react to the October 1975 crude oil price increases and the group did not recover the rises in its crude oil costs until well into 1976. This meant that recoveries from the market in certain European countries have been insufficient to generate any return on transportation, refining and distribution facilities — a situation which has persisted since mid-1974, they add.

In his statement, Mr. David Steel, the chairman, warns that even in Britain, the expected self-sufficiency in the 80s may not last much beyond 1990. There need not be shortages, provided the necessary decisions are taken now. Profits must be made and reinvested in the next few years, in order to develop new sources of both conventional and unconventional energy and to get it to those who need it.

He recognises the short-term need for pay restraint in the U.K. in the effort to reduce inflation, and the difficulties associated with any major change of policy on the direct taxation of earnings. But in the long run "we and other British companies cannot hold our own against our foreign competitors unless we can adequately and effectively reward those who contribute their skill and initiative to success, at whatever level and wherever they work within the organisation."

As known, sales proceeds and other income for 1976 totalled £10.77bn. (£7.96bn.) and pre-tax income was £1.78bn., compared with £1.52bn. Net income was up by 8.2 per cent. to £179.8m.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims: Renong Tin Dredging, Sanderson Murray and Elder.

Finals: Breedon and Cloud Hill Lime Works, Charles Early and Marriott, Elys (Wimbledon), Gaskell (Bacup), Charles Hurst, F. Miller (Textiles), Stanley Miller, Scottish Television.

FUTURE DATES

Interims:—

British Industrial Holdings	April 7
MTD (Mangula)	April 15
Malayalam Plantations	April 4

Finals:—

British Boilmakers	April 6
Carron (Holdings)	April 7
City of Aberdeen Land	April 4
Debenhams	May 20
East Rand Consolidated	April 6
England (J. E.) (Wellington)	April 4
Estates and General Invest.	April 6
Lafarge Org.	April 14
Modern Engineers Bristol	April 13
Ready Mixed Concrete	April 6

Stronger demand boosts Lucas

REFLECTING strengthening demand for the company's products, pre-tax profit of vehicle and aircraft accessory manufacturers, Lucas Industries, jumped £13.64m. to £34.67m. in the six months to January 31, 1976. Mr. Bernard Scott, chairman says that progress is continuing and subject to any major upsets he expects the improved performance to be maintained in the second half.

First half earnings are in front from 13.53p to 17.14p per £1 share and the interim dividend is stepped up from 1.5158p to 2.122p net: an increase of 40 per cent. reflecting the basis agreed for the rights issue last May. The total payment for the year 1975-76 was 7.26p from profits of £35.8m.

	6 mths 1976-77 £000	6 mths 1975-76 £000	Year 1975-76 £000
External sales	418,225	327,452	719,267
Depreciation	8,366	6,715	14,100
Trading profit	35,644	24,914	60,300
Share of assocs.	1,369	1,187	2,603
Inv. income	56	25	158
Interest	2,798	4,088	7,457
Profit before tax	34,673	21,038	55,243
Tax	18,014	10,744	27,035
Net profit	16,659	10,294	28,208
Minority profits	573	369	904
Attributable	16,086	9,925	27,304

Sales of vehicle equipment increased 30 per cent. with a particularly strong performance in Europe. The growth in diesel engine equipment sales was in line with plan with the benefit of investments beginning to come through, but the electrical, brake and battery equipment businesses also performed well. The industrial equipment division made good progress with a sales increase of 27 per cent. The aircraft equipment business, while marginally increasing both its sales and profits, was restricted by lower demand mainly reflecting the lower sales for the Rolls-Royce RB211 engine, reports Mr. Scott.

See Lex

Austin Reed soars

MENSWEAR retailers and manufacturers Austin Reed Group achieved an 84 per cent. advance in profit to £2m., before a deficit on property transactions of £44,514, against a surplus of £23,626, and subject to tax, up from £0.34m. to £0.84m., for the year to January 31, 1977.

At the half-year, when profit was better at £0.56m. (£0.42m.) before a surplus on property of £5,000 (£23,000), the directors said they were cautiously optimistic.

Sales for the 12 months improved by 20.3 per cent. to £31.28m., with the overseas content growing 35 per cent. to £7.53m. U.K. retail customer sales were up 13.8 per cent. at £19.38m. and sales to trade customers rose 28.6 per cent. to £4.37m.

Stated earnings per 25p share were 9.2p (6.5p) and a gross final of 2.86875p raises the total to a maximum permitted 3.93795p (3.6805p).

Aurora's advance of 53%

EXTERNAL turnover of Aurora Holdings was £28.38m. for the 18 months to end December, 1976 and pre-tax profit was £2.89m. On an annualised basis the figures are £23.77m. and £2.12m. respectively.

Compared with the previous year's £15.46m. and £1.39m. this represents for the enlarged group a 54 per cent. increase in turnover and a 53 per cent. advance in pre-tax profit.

During the 18-month period the group acquired East Sussex Engineering Group and certain of the assets of G. L. Willan—Mr. R. Atkinson, chairman, reports that both acquisitions have been outstandingly successful and integration has been harmoniously accomplished.

Undiluted earnings per 25p share are shown to be 31.77p for the 18-month period, compared with 17.6p in the previous 12 months; diluted they are 29.71p (16.5p).

The final dividend is 2.16p net for a total of 6.435p, against 3.9p.

Net assets per share were 79.06p (56.45p).

The deferred tax provision at December 31, 1976, has been re-examined in view of the proposal that provision should only be made where a liability is reasonably expected to arise in the forseeable future. Based on this re-examination and after taking professional advice a reduction has been made in the deferred tax provision of £1.084m. at December 31, 1976, and the comparative figures have been adjusted for this change in accounting policy.

A modern factory has been built for W. E. Bernard on the newly-acquired site of 10 acres at Sheffield. A programme of further investment in plant, buildings, machinery and modernisation has been developed for 1977.

The directors look to the future with confidence and to a continued improvement in trading results, the chairman says.

	18 mths. 1975-76 £000	Year 1974-75 £000
External turnover	28,392	15,456
Trading profit	2,998	1,721
Interest	609	336
Profit before tax	2,387	1,385
Taxation	656	378
Minority interests	4	5
Extraord. Debits	68	39
Pref. divs.	148	116
Attrib. Ord.	1,491	655
Ord. divs.	320	181
Retained	1,171	474

● **comment**

Over the past four years it has been virtually impossible to make year-on-year comparisons at Aurora Holdings, and this time, too, the picture is confused by an 18-month accounting period. However, with the integration of East Sussex, the new year end and the sale of the last of the old clutch of companies, John Tonwroe (just into the 1977 account), things may settle down. It may be this confusion which has kept the p/e (only 4.2 at 72p on the low tax charge) well below the sector average. But there is also the fact that some 25 per cent. of sales now come from merchanting, where earnings and margins are very different from engineering. Still, on the manufacturing side, trading margins drooped only slightly from 8.9 to 8 per cent. between the two periods, and prospects look good. There should also be a reduction in gearing this year, through property disposals and a sale and leaseback on the vehicle fleet, though this would make the company more vulnerable to a bid. In the meantime, the four-year profit trend and the 14.1 per cent. yield are attractions.

£2.02m. for Royal Worcester

PRE-TAX profits of Royal Worcester rose from £1.24m. to £2.02m. for 1976 on turnover up £7.6m. to £26.72m.

The directors say that 1977 should show a further improvement in sales, exports and profit. The group, they add, is gathering greater potential strength and is well placed to take advantage of any improvement in the national economy and of export opportunities.

Earnings per 25p share are shown as 14.2p compared with 12p on increased capital, and the dividend is lifted to 5.72p (5.2p) with a final of 3.77p net.

	1976 £000	1975 £000
Sales	26,720	19,119
Worcester-Royal	15,726	9,215
Royal Worcester	1,426	1,264
Welwyn Elec.	9,568	8,640
Operating profit	2,472	1,668
Worcester Royal	1,673	964
Royal Worcester	308	207
Welwyn Elec.	478	477
Group head office cost	185	253
Merger expenses	85	—
Finance cost	174	156
Pre-tax profit	2,018	1,235
Minorities	451	—
Taxation	771	589
Attributable	855	646
Dividends	345	288

● **comment**

The merger of Royal Worcester's table and ornamental ware interests with Spode only had a marginal effect on the improved second half profit. The 385 per cent. jump was mainly due to the tourist boom which greatly increased turnover at the London outlets. In the coming year, the benefits of the merger and strengthened management should come through. Worcester has tended in the past, like other companies with quality products, to neglect the finance and marketing sides but appointments have now been made which should hopefully change this. The problems are formidable: the subsidiaries are diverse, one of them (Welwyn Electric) is making very poor profits and difficult conditions prevail in the U.S. market. Nevertheless, profits growth in 1977 should be above the industrial average. The shares at 121p yield 7.5 per cent. covered 3.5 times.

Hanger Invs. profits almost five-fold

Turnover of Hanger Investments for 1976 rose £19.76m. to £27.86m. and after charges of £1.9m. against £1.63m. pre-tax profit surged from £101,165 to £501,506. At halfway the expansion was from £30,300 to £207,000.

The dividend for the year is a maximum permitted 0.41015p (0.25p) net per 10p share and Mr. P. D. Adams and Mr. G. W. Adams have waived dividends amounting to £9,201.

Transfer to tax equalisation amounted to £288,000 (£61,000) and provisions for amortisation and tax no longer required £4,961 (£35,488).

CAMBRIAN & GENERAL

The Board of Cambrian and General Securities has decided to recommend a capitalisation of Ordinary shares on a basis of six new Ordinary shares for every five held at the close of business on April 1, 1977.

DELTA METAL

Delta Metal Company announces that the offer of new Ordinary shares of 25p each in exchange for the cancellation of the whole of its outstanding 7.5 per cent. convertible unsecured loan stock 1984-89 is now unconditional.

Dealings in the new Ordinary shares will commence on Friday, April 1, 1977.

APV earns and pays more

ON TURNOVER ahead from £98.1m. to £137.4m. pre-tax profit of APV Holdings advanced from £9.19m. to £12.61m. for 1976.

At halfway when a rise from £4.3m. to £5.44m. was reported the directors said that the second half trading outlook was bright.

They now report that orders on hand at the beginning of 1977 amounted to approximately £130m. and order intake for the first two months of the year was over £40m. It is expected that invoiced sales for 1977 will exceed £200m.

Profit for 1976 includes a net figure of £182,000 representing trading profits of £264,000 for Hall-Thermotank Group in respect of the period since it became part of the APV Group less interest of £82,000 on the convertible unsecured loan stock issued in part consideration for this acquisition.

Basic earnings per 50p share are 50.26p (38.17p) and fully diluted 48.49p. The final dividend is 6.6361p net for a 10.2195p (9.2905p) total.

The group's interests are in processing and heat transfer equipment for industry.

	1976 £000	1975 £000
Turnover	137,400	98,100
Trading profit	12,471	9,152
Associated companies	136	41
Profit before tax	12,607	9,193
U.K. tax	3,066	2,596
Overseas	3,193	2,291
Net profit	6,348	4,306
Minority profit	163	98
Extraordinary credits	28	70
Attributable	6,213	4,368
Preference dividends	36	34
Available for Ordinary	6,177	4,334
Less div. on Ord. shares		
Interim	418	381
Final	919	705
Retained	4,839	3,448

● comment

The contribution to APV's profits from Hall Thermotank was £264,000 less £82,000 for the loan stock interest. But this year the figure is likely to be considerably higher if only because of contract closures. The enlarged APV group is benefiting from higher capital expenditures by the breweries in the U.K. and by some expansion of investments abroad (especially the U.S.). But there is still some slack ahead of the long-awaited upturn in the rest of the U.K. capital goods fields. Still, a group turnover of £200m. (of which some £75m. will be derived from HT) on maintained margins suggests profits of around £18.4m. On a fully diluted basis that gives a prospective p/e of 6.2 to the shares at 365p where the maximum yield is under 5 per cent. Clearly, the immediate prospects are already taken into account.

REXMORE

The Board of Rexmore announces that contracts have been exchanged for the purchase of J. Rosenthal and Sons. The effective date of the acquisition is March 1, 1977, and the purchase price will be equivalent to the net tangible assets as at that date. At December 31, 1975, net tangible assets of Rosenthal amounted to £1,265,319 and the profits before tax for 1975 was £363,778. Of the purchase price, which will be satisfied in cash, £1,265,319 has been paid on exchange of contracts and the balance will be payable subsequent to the finalisation of the accounts after certification by the joint auditors.

Sirdar improves at halfway

DESPITE rising wool prices pre-tax profit of Sirdar, the Yorkshire-based hand-knitting yarns group, increased marginally from £504,000 to £507,000 for the 28 weeks to January 14, 1977.

With the current phase of plant replacement almost complete the directors expect group profit for the year to improve on last year's record £942,000.

The interim dividend, payable on May 19 next, is raised from 1.04p to 1.15p a share net. Last year's total was 2.15p.

Tax in the half year rose from £252,000 to £264,000 leaving net profit down from £252,000 to £243,000.

Turnover has increased both in value and in the volume of business, the directors say.

Although rising wool prices continued to threaten margins trading results in Sirdar yarns have been most satisfactory. Sales of Hayfield yarns, however, were less satisfactory in the early season and the disappointing results are reflected in the half-year profit.

However, with plant replacement almost complete and Hayfield now operating more profitably and given a continuation of the present high level of sales, second-half profit is expected to improve.

£2.29m. by Associated Book

THE expected improvement in 1976 profit at Associated Book Publishers turns out to be from £1.63m. to £2.29m. pre-tax, after £0.77m., compared with £0.36m., at half-time.

The year-end profit includes a £10,000 (£5,000) contribution from associates.

Stated earnings per 20p share are 23.6p (14.7p) and the final dividend is 2.398p net for a total of 3.598p (3.271p), the maximum allowed.

	1976 £000	1975 £000
Turnover	22,366	18,438
Pre-tax profit	2,288	1,625
Tax	1,169	875
Minorities	250	207
Attributable	869	543
Retained	725	411

BIDS AND DEALS

FMC rejects revised offer from Borthwick

The Board of FMC has turned down the £12.5m. revised conditional offer from Thomas Borthwick and has backed this up with a profits forecast of at least £3m., more than three times last year's figure and a 140 per cent. increase in dividends for the current year.

FMC say that they do not agree with the commercial benefits claimed by Borthwick and consider that FMC has a more prosperous future as an independent company.

The latter reason would presumably also rule out FMC recommending the rival £9.7m. bid from NFU Development Trust, which announced on Tuesday that it did not intend to accept the Borthwick offer in respect of its 48 per cent. holding.

The situation now seems to be that the Board of FMC will be unable to recommend either the NFU bid or the now current £11.7m. bid from Borthwick which has replaced the conditional revised offer, following the FMC's Board rejection.

For NFU Trust the position is that, having only reluctantly made its 97p a share bid to fend off Borthwick, it will have to accept any shares offered to it above the 50 per cent. acceptance mark in the three-week formal offer period which starts with the posting of documents expected in the near future.

Admitting the situation was "difficult," Mr. Jack Clarfelt, deputy chairman and managing director of FMC, said yesterday that all shareholders who went into FMC in the beginning knew what it was about.

He said that he and his Board, chaired by Mr. David Darbishire, who is also a director of NFU Trust, valued their credibility in the City and "in no way has NFU prevented the Board from conducting business commercially in the interests of all shareholders."

Last night FMC was unchanged at 103p against NFU's offer of 97p and Borthwick's current offer of 117p in shares.

SIME DARBY FAR EAST

Kempas (Malaya) has agreed with Sime Darby Far East for the Sime unit to acquire Kempas's 50 per cent. interest in Tractors Far East for just under ringitt 5m. (£1.2m.) in cash.

BATU MATANG GETS INCREASED OFFER

LYC Securities, the unquoted Malaysian company which controls 29.44 per cent. of Batu Matang Rubber Plantations (1932) has increased its offer for the company from 83p a share to 105p a share in cash and has won the Board's recommendation.

This move follows news of an agreed rival bid from Consolidated Plantations, the Sime Darby subsidiary which has a 33.9 per cent stake in Batu, of 100p in cash or 98p in CP shares, announced on March 25.

LYC has conceded that accepting shareholders will be entitled to retain the interim dividend of 0.418p to be declared for the year ended June 30.

The current offer is conditional on only 50 per cent. acceptances so it would seem that acceptance by Consolidated Plantations has not been taken into account by LYC.

CHASE ACQUIRES CONTROL OF JERSEY BANK

The Chase Manhattan Bank has acquired from Arbuthnot Latham and Co. Arbuthnot's 14 per cent. holding in the shares of Chase Bank (C.I.).

Following the transaction Chase Manhattan Bank now holds 57 per cent. of the shares of Chase Bank (C.I.), formerly Standard and Chase Bank C.I. The Bank of Ireland Group holds the remaining 43 per cent. of the shares of the bank.

APPROACH TO GALLENKAMP

A. Gallenkamp, the scientific apparatus and instruments concern, announced yesterday that it has received a preliminary bid approach "but it is not possible to predict at this stage whether this will lead to offers being made for the shares and convertible stock of the company." The announcement follows a period of intensive speculation in the share price and is accompanied by confirmation that the Stock Exchange is to look into recent dealings in the company's shares. Gallenkamp shares closed 37p up yesterday at 270p, after reaching a high point of 280p.

SCOTTISH HOMES DISPOSALS

The directors of Scottish Homes Investment Co. state that due to the downward trend in the construction industry which, in their opinion is not likely to be substantially reversed in the short term, it has been decided to dispose of James Laidlaw and Tensa Construction for £196,718 compared with the net asset value of both companies of £261,718, as at March 31, 1976, adjusted for distributions to the parent company during the year. After repayment of inter-company loans there is a net cash receipt to the company of £1,139. The resultant loss for the year attributed to these subsidiaries is £65,000. In the year to March 31, 1976 the combined pre-tax trading loss was £235,229. The more consistently profitable subsidiaries continue to make the most of the opportunities available to them.

LETRASET/ ROTADRAW

Letraset Consumer Products, a subsidiary of Letraset International has acquired the business interests, together with the world wide patent and trade mark rights, of Rotadraw from Brancray Leisure Products.

BRIDGEWATER INVESTMENT

The extra-ordinary meeting of shareholders in Bridgewater Investment Trust, called for yesterday to consider a £215,000 cash acquisition proposed from its ultimate holding company, Alcrafield, has been postponed to allow loan stockholders to be consulted first.

It was announced in mid-March that Bridgewater Investment had agreed with Alcrafield to acquire from the latter both the Bury Ring Mill company and Barnbrook Mill, in York Street, Bury, for £90,000 and £125,000 respectively. The deal was conditional on shareholders' approval at a general meeting.

At the same time the Bridgewater Investment Board said that, while a portfolio of quoted industrial company's shares should be retained, consideration should be given to acquiring larger holdings. The acquisition of Bury Ring Mill and Barnbrook Mill, together with other changes in the direction of the company's activities, were considered to be a major step towards increasing the return on capital.

However, yesterday the Board said it had received approaches from the trustees of the 7½ per cent. Unsecured Loan stock 1985-1993, who are Law Debenture Corporation. As a result, a stockholders' meeting is to be held and such proposals as are adopted at that meeting are to be put to shareholders before the meeting of the latter is held. A further circular is also to be issued to shareholders.

It is understood that the trustees feel that the proposed purchase of the two new interests would constitute a material change in the character of the company's business and that, under the trust deed, the matter should be put to loan stockholders. The consequent postponement of the shareholders' meeting is thought to be in line with the views of the Stock Exchange.

Bridgewater Investment shares remained yesterday at 5p, the lowest in their 1976-77 range of fluctuation, the high last year having been 13p.

GUINNESS PEAT—LON. ELECT. & GEN.

Following Guinness Peat Group's offers for the share capital of London Electrical and General Trust having been declared unconditional, Messrs. T. G. Harrison, I. T. Henderson, H. M. Sassoon and J. Whitton, have resigned as directors of the company, and Messrs. P. C. E. Rix, D. R. Knights, G. Metcalf and G. A. Tanner have been appointed directors. Mr. James Guinness remains as chairman.

SELUKWE OFFER FOR KADUNA

Selukwe Gold Mining and Finance Company is to bid for Kaduna Syndicate. The terms are for every seven Kaduna, five Selukwe Ordinary shares and five units of participation of Selukwe. Units of participation will not carry interest and will not be listed. The rights attached to the units will be such as to entitle holders to receive during three years from the date of offer becoming unconditional further Selukwe Ordinary shares based on the net value attributed to the wholly-owned Nigerian tin mining subsidiary of Kaduna or the net proceeds of sale received in the U.K. from a sale of the capital of that subsidiary.

BRIDGEWATER ESTATES

Bridgewater Estates' Board has again rebuffed Rothschild Investment Trust's cash bid of 200p a share, which has already been left far behind by the Bridgewater Estates price, 265p last night after a fall of 5p on the day.

Following the issue of the formal offer by RIT, which holds 13.35 per cent. of the Bridgewater Estates, the latter's directors reaffirmed yesterday that they considered the bid inadequate. A letter giving their detailed reasons for this view will be sent to shareholders soon.

DELTA METAL AND McKECHNIE BROS.

McKechnie Bros. and Delta Metal Company have agreed to form a joint marketing and distribution company, Harrison Beacon. The share capital will be held 80 per cent. by McKechnie; 20 per cent. by Delta. Harrison Beacon will start trading on April 4, 1977 and will market curtain tracks hitherto sold by Harrison of Birmingham, the Harrison range of hardware and home improvement products, and the Beacon range of similar goods.

MATTHEWS WRIGHTSON

Matthews Wrightson Holdings announces that the entire issued share capital of its subsidiary Dartington Timberwork has been acquired by A. W. and J. Gale of Moretonhampstead, Devon, for approximately £34,000 cash.

BRITISH LAND

Tai Cheung Properties has notified British Land that Tai Cheung and a subsidiary have an interest in 4.475m. British Land Ordinary shares (10.02 per cent.). Tai Cheung is an affiliate of Hutchison International and owns about 30 per cent. of Swire Cheung.

Swire Cheung is 50.8 per cent. owned by Swire Pacific's property subsidiary, Swire Properties. Swire Properties announced last week that it intended to buy out the minority holders in Swire Cheung.

Tai Cheung has held a substantial investment shareholding in British Land for some time. Yesterday's announcement was said to reflect a "consolidation of the investment."

ASSOCIATE DEALS

Lazard Brothers and Co. has sold 400 Tootal Ordinary shares at 39½p on behalf of discretionary investment clients.

Rowe and Pitman, Hurst Brown has bought for a discretionary investment client 50,000 Thomas Borthwick at 88p and sold for a discretionary investment client 5,000 EMI at 209p.

THOS. TILLING

Thomas Tilling has successfully completed its offer for the entire issue share capital of Intermedco, distributors of medical supplies based in Houston, Texas. The consideration was some $US15m. and the transaction marks the first important acquisition step in the extension of Tilling's interests in the U.S.

NO PROBES

The proposed mergers between EMI and Development Securities and English China Clays and Boddy Industries will not be referred to the Monopolies Commission.

BCA NATIONWIDE

Guinness Mahon has agreed to buy on behalf of British Car Auction Group 10,885 Nationwide Leisure at 10p.

Guinness has also agreed to buy on behalf of B.C.A. 58,669 Nationwide Ordinary shares for cash at 10p per share.

MINING NEWS

Randfontein should pay at least 200 cents

BY KENNETH MARSTON, MINING EDITOR

THE South African Johannesburg Consolidated group's gold and uranium-producing Randfontein aims to maintain its 200 cents (134p) dividend rate this year despite the continued high level of capital spending. At least, the latter factor means that the mine will again avoid tax liability this year.

In his statement with the annual report the chairman, Mr. Bernard Smith, points out that the start of stoping at both the Cooke No. 2 shaft and the Randfontein section next quarter will yield lower grade gold ore than that being mined at Cooke No. 1 shaft.

There will thus be a significant drop in the overall recovery grade but this should be compensated for by an increase in that of uranium. Furthermore, the total output of gold will rise with the progress of the expansion programme.

The third quarter of this year should see the completion of plant extensions to give a gold and uranium ore treatment capacity of 100,000 tonnes per month. Meanwhile, first production units of the new 250,000 tonnes per month Cooke plant are expected to be commissioned early next year and full utilisation should be possible within six months later.

As already reported, Randfontein has been awarded a notably attractive long-term uranium sales contract which has a guaranteed base price, in escalating U.S. dollars, and which provides for a market related price to be paid if the latter exceeds the escalated base price. Randfontein started its operating life in 1889 and, clearly, should have no trouble in passing its centenary. The shares were £22¾ yesterday.

SAD FIRST HALF AT WESTRALIAN

Reflecting the international depression in the beach minerals market, the Perth-based producer, Westralian Sands, announced a net loss of $A287,000 (£184,470) for the half year to last December, compared with a net profit of $A1.43m. for the same period of 1975.

No interim dividend is being paid. In the 1975-76 year there was a final dividend only of 1 cent.

Westralian has found it difficult to sell zircon at the minimum export price set by the Australian Government, but states that the removal of the control last week should lead to a more competitive approach. Ilmenite sales have also been lower and production has been reduced. Westralian were 20p yesterday.

Australian aluminium

THE U.S. ALCAN group's Alcan Australia plans to spend about $A45m. (£29m.) to boost the capacity of its Kurri Kurri aluminium smelter in New South Wales by 50 per cent. The present capacity of the plant, near Newcastle, is 45,000 tonnes a year, and it will rise to 67,900 tonnes.

Alcan expects to commission the expanded plant late in June and to generate export earnings of more than $A10m. in the first full year of expanded production.

Alcan's move follows closely on reports that one of its major competitors, the Rio Tinto-Zinc group's Comalco, will spend $A80m. in expanding bauxite production at it Weipa, Queensland, mine by 12 per cent.

Alcoa will finance its programme by a combination of Australian and overseas capital. It has already negotiated a $U.S.25m. Eurobond issue through the Swiss Bank Corporation (Luxembourg), with the Deutsche Bank and Morgan Stanley International as co-managers. The Australian component is still being arranged.

Japan pays S.A. more for coal

THE TRANSVAAL Coal Owners Association, which handles both domestic and export contracts and prices for the bulk of the South African coal industry, has negotiated a small price rise in its low-ash blend coking coal contract with the Japanese steel mills. The rate will go up from R30.70 to R30.83 (£20.64) per ton fob the new port of Richards Bay with immediate effect, our Johannesburg Correspondent reports.

The increase is no more than nominal, but it comes at a time when the Japanese steel industry is depressed and when U.S. coking coal exporters have accepted a cut from $61.50 to $60 (£34.90) per ton in their price.

The South African mines are currently supplying about 1m. tons per year to Japan. The contract, originally signed in 1971, has been renegotiated several times, but basically provides for the delivery of 27m. tons over an 11-year period. The balance of the coking coal produced under the contract has been taken up on a temporary basis by Iscor, the state-run steel producer.

The companies involved in the contract are SA Coal Estates, Amcoal, Trans-Natal, Witbank Collieries and Apex Mines. Shares of all have strengthened this week, though the price increase now negotiated falls well short of the rise in costs over the past year.

Nevertheless, the industry is in a phase of vigorous expansion. The Anglo American group alone expects to spend $300m. (£174.5m.) this year and next on raising coal capacity according to the chairman, Mr. Harry Oppenheimer, speaking in London yesterday.

Noranda sees slow upturn

THE CANADIAN mining group, Noranda, does not expect a satisfactory return on assets this year. This is made clear by the president, Mr. Alfred Powis, who points out that 1976 earnings were totally inadequate.

Noranda's net profits last year were $C47m. (£26m.) on sales of $C1.26bn. Profits in 1975 were $C51m.

"At the moment it appears that the slow pace of the economic recovery will continue through 1977. If so there is little prospect for a substantial reduction in inventory levels and a corresponding improvement in demand and prices for basic commodities," Mr. Powis states.

But he lifts the gloom slightly with the comment, "Some strengthening should occur, but more slowly than experienced during past economic recoveries."

Some 40 per cent. of Noranda's earnings come from Quebec, where the group has substantial metallurgical and manufacturing interests. Investments worth $C330m. have been made over the past five years.

Reassuring shareholders, Mr. Powis says, "In spite of political uncertainties there is no reason to believe that these operations cannot continue on a satisfactory basis."

MINING BRIEFS

SAINT PIRAN—Production of tin concentrates for February, United Kingdom 183 tonnes (January 176 tonnes) Malaysia 27 tonnes (January 32 tonnes).

MONEY MARKET

Minimum Lending Rate 9½%

Bank of England Minimum Lending Rate 9½ per cent. (since March 31, 1977)

Bank of England Minimum Lending Rate was cut by ½ per cent. to 9½ per cent. yesterday, but the market related formula for calculating MLR remains suspended. According to a statement issued by the authorities this will remain the situation until such time as it is capable of being applied without change in the rate now established. A similar situation existed when MLR was set at 12 per cent. on February 3, although at that time it was suggested that market forces could lead to a fall in MLR which the Bank would judge to be inappropriately large. This did not appear to be the case yesterday, but followed a cut of 1 per cent. to 9½ per cent. in Clearing Bank Base Lending Rates on Wednesday and a strong demand for sterling on that day, pushing the pound to its highest level since September last year. Yesterday's move may be interpreted as an indication that the authorities are looking for stability in interest rates in the immediate future however.

The fact that the authorities are looking to maintain MLR at the present level was reinforced by the method of assistance given to the money market yesterday. The Bank of England forced four or five discount houses to borrow a moderate amount for seven days, to give a signal to the market, and also lent a very large amount overnight to the same number of houses. The total amount of help was extremely large, all at the new Minimum Lending Rate of 9½ per cent.

Banks carried forward rundown balances, there was a net market take-up of Treasury bills, repayment was made of earlier official advances, and the market was also faced with settlement of gilt-edged purchases. On the other hand Government disbursements exceeded revenue payments to the Exchequer.

Discount houses paid up to 10 per cent. for secured call loans in the early part and closing balances were taken at 7½-8½ per cent.

Rates in the table below are nominal in some cases.

Mar. 31 1977	Sterling Certificates of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ‡	Eligible Bank Bills ‡	Fine trade Bills ‡
Overnight	—	7-10½	—	—	—	10	7½-10	—	—	—
2 days notice	—	—	9⅝-10	—	—	—	—	—	—	—
7 days or 7 days notice	—	9⅝-9¾	9¾-10	—	10-10⅝	—	9⅝-9½	—	—	—
One month	9⅞-9¾	9⅛-9⅝	9½-9⅝	10-9½	9½-10	—	8⅞-9	8⅞-8 11/16	9¼	10⅛-10¼
Two months	9 1/16-9¾	9⅛-9¼	—	10-9½	9⅝-10	—	8¾	8 11/16	9 1/16	10⅝-10¼
Three months	9-8⅞	9-9¼	9½-9⅝	10-9¼	9⅜-10	—	8½-8⅝	8⅞	8⅞	10¼-10⅛
Six months	9-8⅞	9-9⅛	9½-9⅝	10-9⅝	9¾	—	—	—	8¾-8 11/16	10¼-10
Nine months	9⅛-8⅞	9 1/16-9⅛	—	10-9⅝	9⅜	—	—	—	—	—
One year	9⅛-8⅞	9¼-9⅜	10½-11⅛	10-9⅝	10½	—	—	—	—	—
Two years	—	10⅛-10⅝	11¾-12	10¾-9½	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 12½-12¾ per cent.; four years 12¾-13 per cent.; five years 13 per cent. ‡ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 8½ per cent.; four-month trade bills 10¼-10 per cent.

Approximate selling rate for one-month Treasury bills 8½-8 11/16 per cent.; two-month 8 13/16 per cent.; and three-month 8 13/16-8 25/32 per cent. Approximate selling rate for one-month bank bills 9¼ per cent.; two-month 8 15/16 per cent.; and three-month 8 15/16-8¾ per cent.; one-month trade bills 10¾-10½ per cent.; two-month 10½-10¼ per cent.; and also three-month 10¼-10 per cent.

Finance House Base Rate (published by the Finance Houses Association) 11½ per cent. from April 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 5 per cent. Clearing Bank Base Rates for lending 9½ per cent. Treasury bill average tender rates of discount 9.3513 per cent.

Record profits and £2.4m. Rights by Spirax-Sarco

LARGELY DUE to increased contributions from overseas companies, pre-tax profit of Spirax-Sarco Engineering expanded by 59 per cent. to a record £4.23m. for 1976.

And the directors announce a one-for-five rights issue to raise £2.4m. for a continuation of the expansion programme, especially in the U.K.

The overseas contribution during 1976 increased by 54 per cent. and now represents nearly half of the group's trading profits of £4.64m. (£3.28m.). Interest payable dropped from £0.62m. to £0.41m.

In October last year the directors said that second half profits should show a significant improvement—in the event they were up from £1.45m. to £2.29m.

They report now that order intakes so far in 1977 have been satisfactory throughout the world. Demand adjusted for inflation is ahead and overall business is continuing to increase as the group opens up new sales outlets overseas and consolidates those in existence.

The group is involved in the supply of essential equipment for industrial processes involving the use of steam, hot water and compressed air. As the development of the less industrialised parts of the world proceeds there is increasing demand in those areas, they say. This, allied to increasing demand in the more industrialised nations as industry strives for greater efficiency and better utilisation of expensive fuels, means that there is a continuously growing market for the group's products. Providing world trading conditions remain reasonable the directors believe this growth will continue.

Stated earnings per 25p share for 1976 rose from 16.4p to 26.1p and the final dividend is 3.66p net for a total of 6.19p, compared with 5.63p, the maximum allowed. For the current year the directors have Treasury agreement for a payment of 8.73p on increased capital, a 41.3 per cent. increase on the 1976 total.

Explaining the current year improvement, the directors say that an ever-increasing proportion of the operations is now overseas and consequent upon the fall in sterling the results of overseas companies, which were converted at the rates of exchange ruling at the end of 1976, were £136,000 more than they would have appeared had exchange rates ruling at the beginning of the year been used.

In addition some of the newly established selling operations overseas, which during 1975 made only negligible trading surpluses made proper levels of contribution to group profits. The rate at which new operations become established and come "on stream" is, of course, unlikely to be smooth or constant year by year, they add.

The Rights issue, which has been underwritten by J. Henry Schroder Wagg and Co., will capitalise 1.66m. new Ordinary shares of 25p each at 150 per share. The new shares will rank for 1977 dividends.

The U.K. capital investment programme will exceed £2.5m. over 1977 and 1978, the directors state. This will include the building of additional factory and warehouse accommodation in Cheltenham and the purchase of additional machine tools to expand the group's U.K. production capacity. Initially, the net proceeds will strengthen short-term U.K. cash resources.

A 1976 balance sheet shows net current assets of £7.71m., against £8.14m. Fixed assets at year-end were £6.87m. (£5.09m.)—all freehold and leasehold land and buildings were valued as at December 31, 1976, at a total of £4.53m. on an "existing use basis." The directors have decided to take into the accounts the valuation of the freehold properties on this basis with the exception of the property in Sao Paulo, Brazil, where the "alternative use value" being lower than the "existing use value" has been adopted.

Stocks and work in progress, amounting to £7.66m. (£6.57m.), have been valued at the lower of cost, including factory overheads where applicable, and net estimated, realisable value. As a result of revaluing stocks held at January 1, 1976, revenue reserves at that date have been increased by £368,000. Had the new basis been applied during 1975, the trading profit for that year would have been increased by £38,000.

	1976 £000	1975 £000
External turnover	25,791	20,727
Trading profit	4,640	3,278
U.K.	2,475	1,876
Overseas and branches	2,165	1,402
Interest payable	409	615
Profit before tax	4,231	2,663
Tax	1,934	1,265
U.K.	1,206	747
Overseas	728	518
Net profit	2,297	1,398
Minority interests	132	108
Extraordinary credits*	359	11†
Attributable	2,524	1,279
Dividends	513	487
Retained	2,011	772

* Comprise surplus on currency changes £356,000 (£31,000 loss), profit on sale of freehold property £169,000 (nil), relocation and closure costs £155,000 (nil) less tax £2,000 (nil). Surplus on currency changes reflects the re-conversion of the group's interest in overseas subsidiaries at the beginning of the year and adjustments to foreign currency borrowings. † Debits.

● comment

Spirax-Sarco's rights issue at 150p is an adequate discount against a market price of 198p. Even with the 41 per cent. dividend hike, the yield is only 7.1 per cent. ex-rights. The group's profits, meanwhile, are right in line with expectations and with the intended expansion should keep on the growth track. After the recent revaluation of assets debt was a comfortable 12 per cent. of shareholder funds. Including the rights proceeds and after repaying overdrafts, the group will have some £2.7m. for the expansion programme.

R. Clay surges in second half

A SURGE in taxable profit in the second half from £413,550 to £759,296, by book printers and binders Richard Clay pushed the full-time figure for 1976 to a peak £1,143,736, against £1,014,361.

A net final dividend of 1.8327p raises the total to a maximum permitted 2.8327p (2.57516p). However should the basic rate of income tax for 1977/78 be reduced with effect from April 6, 1977, the directors say they will, following the Treasury's advice, consider payment of a supplementary dividend. A reduction of the rate to 33 per cent. would enable a supplementary dividend of 0.05636p per share to be paid.

After tax of £577,812 (£526,568), the net balance emerged at £565,926 (£487,793).

£957,000 peak for Erith

AFTER an advance of £87,000 to £507,000 at halfway, builders' merchants Erith and Company finished 1976 with record pre-tax profits 14 per cent. higher at £957,572 against £839,536.

The directors say that although sales in second half equalled those of the first, their rate of increase slowed down due to the reduction in activity in the building industry, and that this pattern had been seen in the first two months of 1977.

The directors add that a clearer view of the prospects for 1977 would be available by the AGM in May.

Earnings per 25p share are shown as 9.83p (6.63p) and the dividend is stepped up to 4.79738p (4.5146p), the maximum permitted, with a final of 3.01738p net.

Peak £10m. from Coral Leisure

MAINLY FROM a trebled contribution from the casino division, and improvements in most others, pre-tax profit of Coral Leisure Group improved from £6.53m. to a record £10.13m. for 1976. After six months the rise was from £3.59m. to £4.01m.

Earnings per 10p share for the year are 22.6p (18.51p) on increased capital and, as forecast, the final dividend is 3p net for a total of 8p (5.6177p), the maximum allowed. The directors propose a one-for-four scrip issue which will "leave insufficient unissued shares available to enable the Board to pursue its expansion plans"—the authorised capital will therefore be increased to £4m.

As bookmaking turnover suffered both by firm going in the summer and by the pressure on customers' marginal spending capacity, 1976 trading profit achieved by the division is reasonably satisfactory, say the directors.

Bingo has been doubled in size during the year and the improved profit figures for 1976 "leave considerable potential for further increase in 1977."

The group balance sheet has also been substantially strengthened—total shareholders' funds have increased from £10.1m. to £15.7m. while total assets have increased from £23.4m. to £34.4m.

Last year the directors said that the company was in a strong position to expand and develop as opportunities presented themselves. Since that time, in addition to making a small net increase in the number of betting shops and upgrading and resiting many more, the company has doubled the bingo division in size and profitability and purchased Brighton and Hove and Romford Greyhound Racing stadia. In all, some £5.5m. was spent on capital account in extending and developing the group's trading activities.

They have decided to delegate responsibility for the day-to-day running of the business to a smaller management Board and to appoint Mr. J. Michael Hoare as group managing director following his service to the company over the past six months in a non-executive capacity.

Trading results to date in the current year are significantly better than in the previous year and the improvement is attributable to all the major operating divisions, they add.

In the present uncertain economic climate some caution is appropriate but they have every expectation that turnover and profits will once again show substantial improvements over 1976.

Turnover for the year was £161m. (£140m.) and a breakdown shows that bookmaking contributed £141.28m. (£128.53m.), gaming £15.13m. (£9.41m.), bingo £3.05m. (£1.6m.), greyhound stadia £0.58m. (nil) and other activities £1.11m. (£0.64m.).

	1976 £000	1975 £000
Turnover	161,000	140,660
Trading profit	10,243	6,665
Net interest payable	118	136
Profit before tax	10,125	6,529
Taxation	5,223	3,550
Net profit	4,902	2,979
Minorities interests	567	306
Attributable	4,335	2,673
Dividends	1,524	942
Balance	2,811	1,731
Carried Forward	10,241	7,430

● comment

Coral is 55 per cent. ahead pre-tax thanks to trebled profits from casinos which at £5.9m. before interest are broadly in line with Ladbroke's returns from gaming. Once again the background is one of free spending overseas visitors plus this time a profit of £½m. at Crockfords, against break-even in 1975. Bookmaking was down but is moving much more smoothly currently, and group profits overall are said to be significantly higher so far in 1977. Gaming accounts for 55 per cent. of total profits against about two-fifths at Ladbroke. But Coral plans an acquisitive year—possibly using paper—and the traditional horse-race betting side should improve on its 1976 performance, weather permitting. The Blackpool complex will apparently open its doors in May 1978 and in a full year could be worth something like £1m., net of financing costs. At 145p the p/e is 6¼ and the yield a well covered 6¾ per cent.

Triplevest better

After all charges, including tax of £579,541, against £520,976, Triplevest shows revenue for the year to February 28, ahead from £848,640 to £942,960. At year end net asset value per 50p income share was 223.75p compared with 221.375p.

A net final dividend of 1.901p lifts the total to 3.929p (3.586p).

Cadbury Schweppes turns in best ever £46m.

A 20 PER CENT. increase in 1976 pre-tax profit to a record £46.4m., on sales up by 18 per cent. to £787m., is announced by Cadbury Schweppes, after a rise from £14.13m. to £16m. in the first 24 weeks.

An increase was forecast by the directors in September last year.

For the year the company's U.K. export sales were up almost 32 per cent. and profits from franchise operations showed a healthy increase, according to Mr. Adrian Cadbury, chairman.

Stated earnings per 25p share were 5.12p (5.18p) and the dividend total is 2.723p net (2.4755p) with a final of 2.06875p.

Mr. Cadbury says that the company invested nearly £28m. in fixed assets during 1976 but adds that the real extent of its capital programme is shown in a rise of outstanding commitments from £13.6m. to £28.5m. Most of its current capital expenditure and commitments are in the U.K. and concentrated on production modernisation.

"The continuance of our substantially increased investment programme, however, is wholly dependent on achieving an adequate return. This means that price controls must be realistic and Government industrial policies consistent," he says.

The "encouraging" level of 1976 sales and profits had been achieved in difficult trading conditions.

	1976 £m	1975 £m
Sales	787.0	667.0
Trading profit	54.0	48.4
Investment income	2.8	1.7
Interest payable	12.2	11.7
Share assoc.	[illegible]	0.2
Profit before tax	46.4	38.6
Taxation	23.7	20.1
Net profit	22.7	18.5
Minority interests	1.8	0.8
Extraord. debits	1.5	2.6
Attributable	19.4	13.2
Pref. divs.	0.1	0.1
Ordinary	10.1	5.2
Retained	3.3	5.1

See Lex

Dorada up 129% to £0.84m.

A SURPLUS on sale of property of £0.34m., against £26,000, helped Dorada Holdings to lift taxable profit in 1976 by £471,000 to a record £835,000. Sales jumped £10.16m. to £45m. with the motor division showing a 28 per cent. rise to £40.9m. and the engineering division, 38 per cent. to £4.09m.

At halfway when profit was ahead from £165,000 to £256,000 the directors forecast an improvement in the full-time result.

Stated earnings per 25p share were 13.7p (10.9p) on operating profit of £0.57m. (£0.45m.), or on net earnings 13.2p (4.6p). A net final dividend of 2.48p raises the total to a maximum permitted 4.13p (3.76p).

Mr. Thomas Kenny, the chairman, comments that the substantial reorganisation of the motor division in the last two years is being justified in sales and profits. If the company could obtain more vehicles it could sell more, he adds. The group intends to expand its interests in general engineering, he says.

Volume sales by Wicksteed, playground equipment manufacturer, was well ahead of 1975 and orders at the start of 1977 were a record, with the penetration of overseas markets improving.

Mr. Kenny points out that any shift in interest rates has a significant effect on profits.

	1976 £000	1975 £000
Sales	41,996	34,907
Motors	40,904	31,549
Engineering	4,092	2,959
Trading profit	1,181	1,034
Motors	576	773
Engineering	293	245
Property, net inc.	22	16
Interest	623	351
Prop. sales profit	344	26
Reorgan. & closure costs	75	115
Pre-tax profit	835	364
Taxation	271	149
Net profit	564	215

Regional development grants credited to reserves amounted to £10,069 (£20,940).

tax profits for 1976 from £631,896 to £641,743 after being ahead by £36,500 to £289,400 at the halfway stage.

Stated earnings per 25p share are 5.6p (4.65p) and the dividend is stepped up to 1.70625p net, the maximum permitted. Last year's dividend was an equivalent of 1.551875p after a 1 for 1 scrip issue.

Tax took £264,765 (£307,051) which left a net profit of £376,978 (£324,845).

The amount attributable after minorities was £358,935 (£314,656).

The directors state that a professional revaluation of the group's freehold and leasehold properties as at December 31, 1976, showed a surplus of £2.3m. over book values of £3.3m.

Appleyard up 38% to £1.37m.

ALTHOUGH Appleyard Group of Companies was short of new cars throughout 1976 it still managed to increase taxable profit by 38 per cent. from £0.99m. to £1.37m.

At midway the advance was from £0.51m. to £0.73m. and the directors said that they expected a satisfactory outcome for the full year.

Yearly earnings per 25p share are shown to have risen 46 per cent. from 7.97p to 11.6p and the dividend is stepped up from 4p to 4.4p with a final payment of 2.775p net.

	1976 £	1975 £
Turnover	77,535,000	66,691,009
Operating profit	1,191,116	884,276
Share of assoc.	185,291	126,901
Profit before tax	1,369,317	991,179
Cars	875,055	779,595
Commercial vehicles	77,977	52,510
Agricult. machinery	45,715	45,928
Fuel oil	76,756	91,465
Finance	188,201	126,901
Tax	717,603	557,196
Net profit	651,714	433,983
Extraord. credits	16,550	137,796
Attributable	668,264	571,779
To Capital reserve	16,550	137,796
Pref. divs.	19,600	19,600
Ord. divs.	239,520	215,926
Retained	392,255	218,537

On the future Mr. Ian Appleyard, chairman, says 1977 has started well with profits for the first two months up by 27 per cent. However, March and April figures will be affected by the run-down of stocks caused by the recent disruption of output of most models from Leyland Cars. Nevertheless it is encouraging to note how quickly full production was resumed. If this can be maintained, there is no reason why the group's results for the full year should not once again be a record, he adds.

James Dickie improvement

For the year to October 31, 1976, turnover of James Dickie and Co. (Drop Forgings) fell from £3.16m. to £2.79m., but profits rose from £379,818 to £402,506, subject to tax of £195,931 against £176,888.

At half-way profits were down from £200,251 to £176,293 and the directors said there was no sign of improvement.

Yearly earnings per 25p share advanced from 10.79p to 11.15p and the dividend total is raised from 3.6p to 3.86p with a final payment of 1.93p net.

Increase at Clifford's Dairies

On turnover increased by £4.2m. to £13.4m. manufacturers and distributors, Clifford's Dairies achieved a slight increase in pre-

Desoutter up £0.8m.

HAVING been down £64,940 at £431,420 at midway, precision mechanical engineers Desoutter Brothers (Holdings) saw an upturn in the second half, to end 1976 up £808,830 with a record £2,357,030. Sales were better at £13.46m. against £10.29m. The result exceeded the forecast made in November, 1976, at the time of the abortive merger bid by Compair.

The directors say the higher level of orders received in the second half has continued in the first three months of 1977. If the level is sustained, without further inflation in operating costs, the profit for the current year should be at least maintained.

Stated earnings per 25p share improved to 27.38p (20.03p) and with the Treasury consent given following the bid, a net final dividend lifts the total to 10p (7.84p).

Tax took £1,311,564 (£834,051) leaving a net balance of £1,245,466 (£914,146) of which £780,347 (£547,359) was retained.

● comment

At the time of the unsuccessful bid from CompAir in October, Desoutter was forecasting year end profits of £2m. In the event they were 28 per cent. more than this estimate and 46 per cent. better than the previous year's. And this after a 10 per cent. decline at half way. The key was a significant surge in sales and margins in the fourth quarter, plus a drop in interest charges which brought the annual charge tumbling down from £135,000 to £50,000. There was a decent improvement in the home market, but overseas sales were the main element. They accounted for 70 per cent. of output in 1976, and the upturn meant lower stocks abroad and a fall in local interest charges. There were also some double currency gains (eliminated this year by a change to dollar invoicing). This year, however, although first quarter orders have been running at the same high level, the edge is probably off the growth. Nevertheless, a yield of 9.8 per cent. at 164p, against a sector average of 8 per cent., might push the shares a little further.

International Combustion near doubled

After an advance from £162,000 to £379,000 at halfway, taxable profit of International Combustion (Holdings) almost doubled from £0.91m. to £1.79m. for all 1976.

Results include four months' trading of Metropole Industries, acquired during the year.

The dividend total per 5p share is raised from 0.65p to 0.715p with a final payment of 0.39p net.

The company manufactures boilers, etc.

	1976 £000	1975 £000
Profit	826	495
Share of assocs.	949	391
Pre-tax profit	1,785	906
Tax	594	397
Extraord. credits	366	*514
Minority profits	65	12
Available	1,192	*237
Retained	653	*640

* Debits. Loss.

Alfred Herbert surplus

BEFORE EXCEPTIONAL items and interest charges, profit of machine tool makers and distributors, Alfred Herbert, was £1.46m. for 1976, compared with a loss of £5.71m. for the previous 14 months.

At the pre-tax level, profit was £0.69m., against a loss of £13.4m. The directors explain that there was a release of provisions made in the last accounts and now no longer required, amounting to £0.37m.

In addition the effect of a new mandatory accounting practice which requires a higher basis of valuation of stock and work in progress is a profit of £0.72m. more than would otherwise have been the case.

The outlook is one of confidence in the long term, and concern in the short term because of the continued low level of orders for machine tools, say the directors. In the meantime the movement into profits in the last quarter of 1976 has continued in to the New Year and the outlook, given even a modest improvement in order intake, should result in a moderately profitable year.

In the first six months the company incurred a loss of £1.14m. (£2.23m. loss for six months to April 30, 1975).

For the year stated earnings per share are shown to be 2.12p compared with a loss of 88.3p.

	Year 1976 £000	14 mths 1975 £000
Turnover	49,418	[illegible]
Profit	1,459	*5,705
Except. credits	313	†4,967
Interest charges	1,077	2,840
Assoc. profit	08	—
Profit before tax	685	*13,407
Taxation	169	167
Net profit	516	*13,564
Extraord. debits	—	193
Minority int. loss	8	‡7
Attributable profit	524	*13,764

* Loss. † Debits. ‡ Profit.

having met the intentions of the Treasury's announcement of October 20, 1975, the company is now free from the current limitations on Ordinary dividends.

Having regard to the preliminary profit figures available for 1976 the indications are that a total distribution for that year of 30 per cent. gross may well prove to be possible. Last year the total gross dividend was 18.56 per cent.

B. Matthews tops projections

BETTERING the midterm forecast, pre-tax profit of Bernard Matthews, Norwich-based turkey producers, more than doubled from £1,032m. to a record £2.45m. for the 53 weeks to January 2, 1977. The first-half rise was from £42,000 to £500,000.

Turnover for the year, boosted by the expansion of sales both in the U.K. and the EEC, plus the acquisition of Armour Le Grys, increased by 75 per cent. from £8.8m. to £15.06m.

And with forward orders ahead of the same time last year, Mr. B. T. Matthews, chairman, expects in the absence of unforeseen circumstances "a further substantial improvement in profit" during 1977.

The final dividend per 25p share of 4.75p net raises the total from 7.5075p to 6.25p, costing £330,000 (£300,300).

Earnings per share are stated to be up from 11.8p for Bernard Matthews only, and 15.25p assessed for the combined results following acquisition of Armour Le Grys, to 28.98p.

With the export licensing of the Great Witchingham factory towards the end of 1975 sales to EEC countries, particularly West Germany and Italy, expanded rapidly, Mr. Matthews says.

During 1976 direct and indirect export sales increased from £37,000 to £1,236,000 with turkey prices in most other Common Market countries considerably higher than U.K. prices. Exports to the EEC are expected to more than double this year.

● comment

Bernard Matthews is comfortably ahead of its mid-term projections. While the Armour le Grys acquisition probably chipped in about £300,000 to £400,000 pre-tax and 800,000 birds on the production total, volume was still some 17 to 18 per cent. higher at the original group. Moreover rising red meat prices has allowed about a 20 per cent. increase in turkey prices against a rise of some 15 per cent. in feed costs. Volume growth in the current year should be about 15 per cent. (suggesting a total of 4.6m. birds) with the bulk going to Europe where prices are firmer. On the home market prices have risen a further 15 per cent. while feed costs have risen by a similar amount. But grain has been bought forward, on favourable terms, to see out the year which together with the higher production throughput leaves margins looking reasonably safe. The shares at 130p yield just over 10 per cent. (covered some 3½ times).

Dividend cut at Brown & Jackson

Stated earnings per 20p share at Brown and Jackson improved from 12.8p to 15.65p during 1976 and dividend total is 2.2p net, compared with 4.1p, with a nil final of 0.2p.

After a steady first half £108,000 (£100,000), profit for the year increased from £235,924 to £312,976 after tax of £2,053 (£276,835) and extraordinary items of £61,784.

The extraordinary item is the net effect during the year of a subsidiary company entering into certain transactions which in the opinion of counsel result in a reduction of the group's liability to corporation tax on its profits for the year in the sum of £234,000.

Turnover for the year increased from £8.56m. to £10.41m. The dividend costs £44,000 (£82,000).

Second half setback for Magnolia

AFTER AN advance at halfway, from £0.28m. to £0.29m., Magnolia Group (Mouldings) ended 1976 with decreased pre-tax profits from £0.53m. to £0.46m. on turnover up by £0.81m. to £3.64m.

The directors state that profits were depressed by non-recurring costs involved in the move to a new distribution centre in London and the fact that Peeters Picture Frames, acquired in May 1976, was operating at a loss and continued to be loss making, although at a reduced level, throughout the year.

The directors add that currently the group has an improved amount of domestic and export orders and with two major international competitors having ceased trading, they are recruiting more staff and increasing output to take advantage of the situation.

Earnings per 10p share are shown as basic 13.05p (14.33p) and diluted 12.34p (13.51p). The dividend is lifted to 2.41527p (2.1957p) with a final of 1.67577p net absorbing £38,000 (£39,000) after waivers.

After tax of £227,000 (£277,000) net profit emerged as £232,000 (£254,000) and £194,000 (£215,000) was retained.

Ash & Lacy expands

A RISE of £0.66m. to a record £1.77m. is shown by metal stockholders and perforators Ash and Lacy for 1976 on sales up from £16.71m. to £23.69m.

Stated earnings per 25p share improved from 13.6p to 21p and a net final dividend of 3p raised the total to a maximum permitted 5.94p (5.4p).

	1976 £000	1975 £000
External sales	23,690	16,715
Trading profit	2,353	1,652
Depreciation	323	275
Interest	292	271
Pre-tax profit	1,766	1,106
Taxation	916	592
U.K. corpn.	*207	750
Deferred	1,130	*201
Prior year adjust.	*11	13
Net profit	850	514
Extraord. credit*	9	47
Attributable	859	561
Dividends	240	218
Retained	619	343

* Credit. Net surplus on disposal of property £9,900 (£34,000) and discount on debenture stock purchase nil (£13,000).

● comment

Ash and Lacy's conservative interim forecast has been overtaken by two strong final quarters, especially in contract work in galvanising perforating and roll-forming. The extra volume has corrected the first half drop in trading margins and although a slack market in steel stockholding combined with steel price increases has led to a sharp rise in second half interest charges — up 75 per cent. — pre-tax profits have emerged almost 60 per cent. ahead. However, the investment in Siddens sheet steel is only operating at about 60 per cent. of the 60,000 tons capacity at the moment and the watchword is caution from the board on contract work. This might justify a share price of 124p — on an historic p/e of 5.8 and a 3½ times covered yield of 7.5 per cent.—which has lagged behind the market upturn since the interim results in October.

BAT/F. J. WALLIS

The formal document containing details of the offer by International Stores, a subsidiary of BAT Industries, for supermarkets group F. J. Wallis has been sent out to shareholders.

The bid by International, which already holds over 62 per cent. of Wallis, has been rejected as inadequate by the board. However, International has already stated that it will not increase its 66p per share cash offer which closes on April 22.

Advancement for Cement Roadstone

Mr. Michael Dargan, chairman of Cement-Roadstone Holdings, says in his annual statement that the company aims at a "pattern of steady advancement."

As reported on March 11 pre-tax profits rose by 34.7 per cent. to £12.86m. for 1976.

Mr. Dargan goes on to say that trading profits in 1976 were supported by substantial improvements in performance by the group's interests abroad and by increased exports from Ireland.

The company, he adds, was in a strong financial position and with a substantial cash flow and already arranged large unused borrowing facilities, ensured that the company could quickly take up investment opportunities.

For 1976 the amount expanded in fixed investment was £19.4m. and the chairman forecast that at least £15m. would be invested in 1977.

The directors plan to reduce disparity between the interim and final dividends in the current year.

Meeting, Dublin, April 28, 3 p.m.

STANDARD BANK

Standard Bank announces that at March 29, 1977, acceptances of the offer for Wallace Bros. and Co. had been received from persons holding 94.68 per cent. of the issued capital.

In addition at a meeting held on January 10, 1977, holders passed a resolution providing for the early redemption at par of the 7½ per cent. Convertible Unsecured Loan Stock 1988-93 of WBH.

Accordingly, the offer has become unconditional.

INCH KENNETH DIVIDENDS

The Treasury has advised Inch Kenneth Kajang Rubber that

Britannic Assurance growth

The combined funds of the life branches of Britannic Assurance rose by £24m. in 1976 to £318m. and total assets by £25m. to £332m. Premium income on industrial life business jumped by £3.5m. to £34.5m. but despite the efforts made to contain expenses the expenses ratio in 1976 was 44.12 per cent. of premium income against 42.70 per cent. in 1975. Premium income in the ordinary branch improved by nearly £1m. to £11.6m., but again the expense ratio advanced to 23.94 per cent. from 23.01 per cent.

Mr. J. F. Jefferson in his chairman's statement reveals that the company had £37.8m. available for investment last year and put £14.6m. in equities, including direct support of British industry by taking up £5.8m. in rights issues. Gilts investment took £14.0m. and a further £3.0m. was invested in other fixed-interest stocks. A further £6.2m. was advanced to 929 policyholders under the company's house purchase scheme and by the end of 1976 the company held £61.9m. in mortgages enabling 16,600 policyholders to purchase their own homes.

There was a substantial increase in premium income in the general branch of over £1m. to £5.1m. The motor account achieved a satisfactory performance which fully justified the rate increases made in October 1975. Mr. Jefferson hoped that the further increases made in October 1976 would prove adequate for the current year. The property account suffered from the exceptional storm damage at the beginning of 1976 which added over £250,000 to claims. Nevertheless the general branch slightly improved its operating profit to £176,000.

Reports to Meetings

Carrington Viyella orders 33% higher

THE ORDER book at Carrington Viyella has further increased, and is now 33 per cent. higher than at the same time last year, Mr. L. Ragan, chairman, told the AGM.

This would suggest that the directors can display greater confidence for the year as a whole, he added.

The trend for total sales at home and overseas and also for exports, had so far been reassuring. Consequently profits were materially higher than for the first three months of 1976. At this stage the outlook for 1977 was "encouraging."

He welcomed the overall reduction in taxation announced by the Chancellor but expressed disappointment that the tax burden on middle management was not adequately reduced. Nevertheless, with TUC agreement on the next phase of the pay policy, the reduction could only be helpful to retail sales and the company's home trade business.

At Securicor's AGM, Mr. Peter Smith, chairman, said the company had maintained progress at the start of the current year to September 1977.

"We continue to be vigilant for new opportunities to expand abroad," he said. "Exploratory negotiations are at an early stage which may lead to our establishing a presence in a number of additional territories overseas."

At the annual general meeting of Greenfield Milletts, Mr. Richard Greenfield, chairman, reported that turnover was considerably ahead in the first five months of the present financial year.

The company was looking for another record year. In the current year there would be 50 retail stores and there should be a further marked improvement in the sales per employee this year.

At the annual general meeting of Newbold and Burton Holdings Mr. V. F. Burton, chairman, said that the company's current trading situation and forward prospects were favourable. Current order books were as long as were prudent within the footwear fashion industry.

Profit margins were still inadequate but he looked forward with optimism to another satisfactory year of good progress.

Mr. Peter Guinness, a newly appointed director of White Child and Beney, in which Arthur Guinness now has a two-thirds stake after closing its contested offer, told WCB shareholders at the annual general meeting that Guinness intended to go on buying shares in the company as opportunities arose.

When asked if the Board intended to pay the 4.4p dividend for the current year, forecast during the take-over bid, Mr. Guinness said: "Our intention is that dividend policy would be fair for all shareholders—but I can make no commitment because conditions can change."

Mr. Guinness stressed the independence and expansion intended for the WCB business under the existing management and stated that GPG, the plastics subsidiary of Arthur Guinness, would continue to compete with WCB as before.

An Independent Shareholders' Association for minority WCB shareholders has been formed, aimed at maintaining WCB in its present form, which is prepared to represent the minority group should the occasion arise, said Mr. Christopher Pringle, a director of WCB.

Mr. James E. Ball, chairman of W. W. Ball and Sons, addressing shareholders at the AGM, said the current year had started vigorously with improved sales and good order books. The sales and performance so far gave him confidence to hope, that the financial year which ends next September would show an improved result.

Mr. Michael Abbott, chairman of Drake and Scull Holdings, told shareholders that additional economies had been effected since March.

Current trading was continuing at a most satisfactory level which the directors were confident would be maintained for the remainder of the year.

"We have been particularly successful abroad and the buoyancy of our extensive and expanding markets overseas enables us to prepare for 1978 when the volume of U.K. orders is to some extent uncertain," he added.

Sir Kenneth Selby, chairman of Bath and Portland Group stated at the AGM that the group's growth had continued in the first half of the current financial year, and he was confident that results for the year 1976-77 would show a further growth.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Westinghouse sale attacked by Belgian Minister

BY DAVID BUCHAN — BRUSSELS, March 31.

THE SALE by Westinghouse of 20 per cent. of its stake in ACEC (Ateliers de Construction Electriques de Charleroi), the big southern Belgian electrical and nuclear power plant manufacturer, has provoked an angry outburst from the Belgian Economics Minister, M. Fernand Herman called the sale of the 115,000 shares to the small Brussels bank of De Groof—which still leaves the American company with 48 per cent.—"contrary to the promises and to the spirit of the negotiations held over the last few months with regard to changes in the ACEC shareholding."

The announcement of the sale, made in Pittsburgh yesterday by Westinghouse, comes at an awkward time for M. Herman, who, under local union pressure, had earlier said that the Government would take up any shares Westinghouse sold. Sources close to the affair said that the Minister had at least wanted to delay announcement until after the Belgian elections on April 17.

Despite what M. Herman may have promised, the outgoing Tindemans Government has recently become much less willing to see Government participation in the private sector enlarged. Nevertheless, it is not being ruled out that the 20 per cent. stake might end up with the Government. The De Groof bank, while making no public comment, is considered unlikely to have bought the shares as a permanent addition to its portfolio.

For Westinghouse the sale is the best of what it has regarded as a bad business. Bought in 1970, ACEC was to have formed part of a wider European operation. But Westinghouse was baulked from making the purchases in France and Italy that it wanted to, and under increasing pressure from its U.S. shareholders, it has been selling off its European interests. It had earlier tried to sell all of its ACEC stake, but no buyer for the company, which has made heavy losses until recently, could be found.

But although now still the principal shareholder in ACEC, Westinghouse will no longer have to consolidate the accounts of the Belgian company, because the stake is less than 50 per cent., into its own group accounts. Thus, the aim of Westinghouse according to Brussels sources, to "clean up its balance sheet" is now achieved. In fact, ACEC is now *beginning* to show a small profit for the first time in seven years. Its 1976 net profit is likely to be about B.Frs.100m..

● Reuter reports from New York: Westinghouse capital spending will be about 220m. in 1977 compared with $163m. in 1976, the chairman, Mr. Robert, told analysts.

The company will be more aggressive in seeking out good opportunities and recognises it has a long way to go to improve margins, he said. The other priority for 1977 is to continue every effort to work out a solution to Westinghouse's uranium problem.

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Anaconda's claims over Chilean assets settled

BY JAY PALMER — NEW YORK, March 31.

ANACONDA, ONE of America's largest copper producers and since earlier this year a full subsidiary of Atlantic Richfield, announced this afternoon a full and final settlement of its long legal wrangle with the U.S. Government over insurance claims compensating for its expropriated Chilean assets.

Under the settlement, the U.S. Government's overseas private investment corporation (OPIC) has agreed to pay Anaconda $47.5m. cash. The Federal Insurance Agency will also guarantee payments on some $47.8m. of outstanding notes issued to the company as part of its 1974 settlement with the Chilean Government.

To-day's deal calls for Anaconda to assign to OPIC $27.5m. worth of $138.5m. Chilean notes still outstanding leaving the company only $111m. of these slowly maturing credits. The 1974 settlement left Anaconda receiving $65m. in cash and a total of $188m. in Chilean Government notes. Since then $49.5m. of the notes have been repaid.

Anaconda's dispute with OPIC dates back to 1969 when the company sold a 51 per cent. interest in its two huge Chilean copper mines to the country's Government. At that time, Anaconda expropriation insurance with OPIC was on a "stand by" basis.

Two years after that, in July, 1971, the Chilean Government of Salvador Allende expropriated Anaconda's minority stake. At this stage, Anaconda had full effective insurance with OPIC. The legal battle has centred over exactly when the expropriation took place—the company arguing that it was 1971 and OPIC insisting that there was a de facto confiscation in 1969.

Downturn at Commerzbank

BY GUY HAWTIN — FRANKFURT, March 31.

COMMERZBANK'S annual report contains few surprises. Overall 1976 was a reasonable year for the banking sector, but—as in the case of its two larger competitors, the Deutsche Bank and the Dresdner Bank—West Germany's third largest commercial bank reported a decline in operating profits compared with 1975's vintage figures.

Interest margins were, of course, under some pressure and in the domestic sector fell back from 1975s average 3 per cent. to around the 2.7 per cent. mark. Despite an increase in business volume, interest earnings fell back slightly—by just 1 per cent.—from DM963.3m. to DM953.9m.

Against this commission earnings advanced from by 6.8 per cent. from 1975's DM247.3m. to DM264.4m. However, Robert Dbom, spokesman for the executive Board, pointed out that operating profits lay some 14.4 per cent. under the record levels of 1975.

Against this, the bank's net earnings rose by 19 per cent. from DM189.2m. to DM225.2m. (£53.6m.) and the management is recommending an unchanged dividend of 18 per cent. or DM9 per DM50 nominal share.

Last year the bank's overseas business expanded considerably. The balance sheet total of the parent rose by 9.2 per cent. to DM42.1bn., while the group's total showed a 12 per cent. advance to reach DM63.3bn. The parent bank's credit volume advanced by 14.8 per cent. to DM25.6bn. and, at the same time, the credit volume of the group put on 17.3 per cent. to reach DM41.7bn.

Savings deposits showed a growth of 6.8 per cent., rising from DM7.45bn. to Dm.8.27bn. Deposits by other credit institutions advanced by the same percentage from DM10.8bn. to DM11.53bn. Customers' deposits showed a 6.3 per cent. growth from DM25.1bn. to Dm.26.27bn.

Advances to customers showed a faster growth, rising by 19.6 per cent., from DM15.62bn to DM18.68bn. Exchange credit declined by 3.9 per cent. from the previous year's DM7.3bn., to DM4.54bn.

Swedish Match decline

BY JOHN WALKER — STOCKHOLM, March 31.

SWEDISH MATCH reports in its preliminary statement for 1976 that rationalisation measures have been reflected in better group results than anticipated in the interim report for the eight months ending last August 1976. Both operating and net results are higher than forecast.

The group operating result after planned depreciation of Kr.150m.. amounted to Kr.211m. After depreciation based on replacement costs amounting to Kr.233m. the operating result in 1976 amounted to Kr.128m. compared with Kr.140m. in 1975, showing a decrease of 9 per cent. If unchanged prices had been applied to stocks on hand at the beginning of the year, the total stocks at the year-end would have amounted to approximately Kr.44m. lower than shown.

The parent company recorded a net profit for 1976 of Kr.52.3m., compared with Kr.50.9m. in 1975. The Board proposes to pay a dividend of Kr.5 per share, the same as in 1975. Invoiced sales for the group amounted to Kr.4.6bn., an increase of 6 per cent over sales of Kr.4.3bn. in the preceding year. Excluding companies acquired or sold after January 1, 1975 invoiced sales totalled Kr.4.4bn. or 8 per cent. higher than the Kr.4.1bn. sales in 1975. Group companies outside Sweden accounted for Kr.2.7bn. of sales. Manufacturing, selling and Administration costs during 1976 rose to Kr.4.2bn. from Kr.4.0bn. in the preceding year.

AGIT profits rise sharply

BY PAUL BETTS — MODENA, March 31.

THANKS TO the profitable activities of its mineral sector balancing off the heavy loss-making commercial refining and distribution sector, AGIT, the oil subsidiary of the Italian state hydrocarbon group, ENI, reported to-day a profit of L2bn. (about £1.3m.) last year, after depreciation amounting to L196bn. (about £133m.). In 1975 AGIT reported a profit of L758m.

While the company's turnover increased from L3,908bn. (about £2.6bn.) in 1975 to L5,886bn. (about £3.9bn.) last year, its consolidated turnover including AGIT-controlled subsidiaries totalled about L8,500bn. (about £5.7bn.).

AGIT, whose long awaited group reconstruction programme, including the nomination of a new chairman, is expected to be announced shortly, said to-day that Italy's oil requirements last year increased by 4.8 per cent. to 139m. tonnes of crude, compared to the previous year.

Demand for petroleum products amounted to 91.6m. tonnes, representing a 2.5 per cent. increase on the year before.

AGIT's natural gas production in Italy increased by 7.4 per cent., reaching 14.4bn. cu.m., while oil production in Italy remained static around the 1m. tonnes of the year before.

On account of Italy's limited energy resources, AGIT stepped up its policy of increasing its overseas presence, which now involves 23 countries.

The company said that it had negotiated several agreements in order to build up its presence, especially in the British and Norwegian sectors of the North Sea. AGIT also said that it has signed a participation agreement with Elf for offshore exploration and eventual production off the Brazilian coast.

The group's production of crude—taking into account AGIT's participation quotas in its foreign controlled subsidiaries—increased by 30 per cent. last year, as against the year before, to 13m. tonnes, and its production share from minority participation increased by 10 per cent. to 15m. tonnes.

Its quota of natural gas from the North Sea Hewett offshore field, and the Egyptian Abu Madi field increased by 11.9 per cent. compared to the previous year to 726m. cu.m.

EUROBONDS

Alcan Australia $25m. issue

By Mary Campbell

INITIAL reaction to Alcan Australia's announcement of a U.S.$25m. issue was enthusiastic, Alcan being a favourite name with Eurobond investors.

The proposed terms of the issue would make it considerably more generous than those offered by Ericsson. They include an indicated coupon of 8¾ per cent. on a 12-year final maturity. This compares with an offer yield of 8.43 per cent. on the 12-year Ericsson issued quoted yesterday at around its issue price of 100½ and 9¼ per cent. on the EMI issue, also for 12 years, which was quoted yesterday well above its issue price of par.

The issue is not guaranteed, but Alcan Australia is 70 per cent. owned by the Canadian Alcan Aluminium. The proceeds of the issue are to be put towards the company's capital expenditure programme. Alcan Australia said in Sydney yesterday that it plans to spend about $A45m. on expanding the capacity of its smelter in Kurri Kurri, New South Wales, by about half to lift capacity from 45,000 to 67,900 tonnes.

Lead manager for the issue is Swiss Bank Corp (Luxembourg), with Morgan Stanley International and Deutsche Bank as co-managers.

Activity in the U.S. dollar secondary market continued to gather momentum yesterday. Singer reportedly came in for some heavy buying and saw its price move up by about a point to close at 100¾/1¼.

Canadian dollars issues were also strong yesterday and dealers expect at least one new issue announcement in the near future.

In initial trading Union Bank of Finland's $30m. floater was quoted at 99/9¼ after a par pricing on Thursday.

BONDTRADE INDEX

	Yesterday	Wednesday
Medium term	102.75	102.74
Long term	95.17	95.15
Convertible	107.86	108.48

Earnings growth for Combustion E.

COMBUSTION ENGINEERING expects earnings and sales for 1977 to exceed last year's earnings of $5.04 per share on sales of $1.83bn., the president Arthur J. Santry, Jnr., said in remarks prepared for a Securities analyst meeting, Reuter reports.

Mr. Santry noted electrical demand is up and so is peak load growth.

AMERICAN COMPANIES

Kodak served with civil investigative demand

BY JAY PALMER — NEW YORK, March 31.

EASTMAN KODAK, the goliath of the amateur photographic industry, has become the first large U.S. company to be served with a "civil investigative demand" for documents by the Justice Department.

Kodak opted not to fight the CID demand and to hand over the requested company data which the authorities could use to file formal anti-trust charges at a later date.

The CID weapon, somewhat similar to a criminal subpoena, was signed into law last autumn by President Ford. It greatly increases the investigative authority of the Government's various anti-trust divisions. To-day, both the Justice Department and Kodak stressed that the CID does not necessarily imply that a suit must eventually follow.

Kodak has stood out as a prime candidate for an anti-trust study for some time and this move by the authorities hardly comes as any surprise.

The company dominates its markets to the extent that it has been fighting off for the past couple of years three private anti-trust suits filed by its smaller competitors.

Neither the company nor the Government has revealed so far exactly what data has been received under the CID. However, the Justice anti-trust lawyers are known to be very interested in seeing 52 documents that one of the company's competitors, GAF, did obtain in its own lawsuit. The judge barred GAF from giving the Justice Department this data which was alleged to show Kodak misconduct.

According to reports from Washington, the Justice Department first became interested in Kodak some years ago when several of the company's competitors complained to the Department and embarked on their own suits. Bell and Howell started the legal ball rolling in 1972 — this was settled out of court — and this was quickly followed a year later by GAF, Berkey Photo and Pavelle. More recently the company started a legal battle with Polaroid.

RCA marketing Matsushita video recorder

RCA, the large U.S. entertainment and electronics conglomerate, has announced that it will market in the U.S., reports our New York correspondent, a home video-tape TV recorder made in Japan by Matsushita. The unit will be directly competitive but not compatible with the video recorder already being made by Sony and promoted over here by both Sony and Zenith.

In an announcement late last night, RCA said that it had decided to promote the Matsushita machine rather than the Sony "Betamax" because of its four hour recording capacity on a single tape cassette.

This is double the maximum capacity of Sony's currently available tapes and represents the first confirmation that a 240-minute tape is ready for general release.

Pepsico answers sugar price fix allegation

PEPSICO INC., the second largest sugar purchaser in the U.S., said it was astonished the U.S. Government had sought to indict it for sugar price fixing, reports Reuter from New York.

High sugar prices are extremely damaging to Pepsico and its bottlers. It said in a statement in response to a U.S. Justice Department indictment alleging Pepsico and three sugar refiners conspired to raise and fix refined industrial cane sugar prices between August, 1972, and September, 1973.

DOMESTIC BONDS

Heartened by Bell Tel success

BY PAULINE CLARK

THE NEW York bond market was in unusually good heart yesterday after what one trading house described as "the first cheerful news in weeks." This was the full take up this week of the new Triple A rated South-western Bell Telephone issue for $250m. on an 8¼ per cent. coupon. Offering a yield of 8.35 per cent., however, the terms of the issue were considerably more acceptable to the market than previous telephone issues so far this year, offering only an 8.20 per cent. return. It was at this level for instance that the recent North-western Bell Telephone debenture for $130m. on an 8¼ per cent. coupon was a third left with the underwriters.

A spokesman for one of the leading New York securities houses, Thomson McKinnon Securities, took the view yesterday for instance that the comparative success of the new telephone issue was true, however, that the market seemed for the moment to have discounted the recent bad budget deficit and also the impact of the severe winter which had begun to show in inflations statistics.

Over the long term, the market continues to take a gloomy view as a result of fears about how far President Carter's budgetary needs are likely to impinge on private corporations' financing requirements in the second half of this year.

Nevertheless underwriters are reported to be feeling a deal more comfortable as a result of the new telephone issue terms. This follows a long period of pressure on issuing houses to accept inadequate borrowing terms. This has largely succeeded because of the continuing thin issue calendar where total new corporate issues in April are pro-awaited first sign of optimism. In response, company bonds have firmed an average of an eighth of a point such as in the case of Standard Oil (Ohio 8¾ per cent. debentures dated 2007 where the yield has eased to 8.46 per cent. Citicorp's record $350m. issue of 8.45 per cent. notes offered at 99.67 per cent. to yield 8.48 per cent. in 30 years has also attracted special attention. The issue which was also sold out was yesterday being quoted at 99⅝-99⅞.

The Treasury's new 7 per cent. notes also performed strongly in first secondary market trading although there have been signs of weakening in the foreign borrowers' sector. The new European Coal and Steel Community's $75m. issue of 20-year bonds came to the market yesterday with a 9¼ per cent. coupon and price of 100.

Among forthcoming issues

World Value of the Dollar

The table below gives the latest available rates of exchange for the U.S. dollar against various currencies as on Wednesday, March 30. These exchange rates have been compiled by Bank of America NT & SA's world-wide network of branches from various sources. Exchange rates listed are middle rates between buying and selling rates as quoted between banks. Where a multiple exchange rate system is in operation (m), the rate quoted is the commercial rate unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except for U.K. sterling (and those currencies at par with sterling) which is quoted in dollars per sterling unit. These rates are asterisked.

All rates quoted are for indication purposes only and are not based on, and are not intended to be used as a basis for, particular transactions. By quoting the following exchange rates, Bank of America NT & SA does not undertake to trade in all listed foreign currencies and does not assume any responsibility for any errors in the table below.

Bank of America
Eurodollar Libor as of March 31 at 11.00 a.m.
3 months 5¾ 6 months 5¾

SDR1=$US1.15910

Country	Currency	Value of DLR
Afars & Issas	Djibouti Franc	182.72
Afghanistan	Afghani (o)	45.00
Albania	Lek (m)	5.8697
Algeria	Dinar (a)	4.1927
Andorra	Fr. Franc	4.9675
	Sp. Peseta	68.69
Angola	Kwanza	n.a.
Antigua	E. Caribbean $	2.70
Argentina	Ar. Peso	334.50
Australia	Australian $	0.9057
Austria	Schilling	16.98
Azores	Port. Escudo	n.a.
Bahamas	Ba. $	1.00
Bahrain	Dinar	0.3938
Balearic Is.	Sp. Peseta	68.69
Bangladesh	Taka	15.3215
Barbados	Barbados $	2.0050
Belgium	B. Franc (m)	36.65
Belize	B. $	2.00
Benin	C.F.A. Franc	248.38
Bermuda	Bda. $	1.00
Bhutan	Indian Rupee	8.8262
Bolivia	Bolivian Peso	20.28
Botswana	Pula	0.8695
Brazil	Cruzeiro	12.015
Br. Virgin Is.	U.S. $	1.00
Brunei	Brunei $	2.4820
Bulgaria	Lev	0.98
Burma	Kyat	6.6633
Burundi	Burundi Franc	90.00
Cameroun Rp.	C.F.A. Franc	248.38
Canada	Canadian $	1.0543
Canary Is.	Sp. Peseta	68.69
Cape Verde Is.	Cape V. Escudo	n.a.
Cayman Is.	Cay. Is. $	0.8350
Cen. Af. Rp.	C.F.A. Franc	248.38
Chad	C.F.A. Franc	248.38
Chile	Ch. Peso (m)	18.85
China	Renminbi Yuan	1.8973
Colombia	Col. Peso (m)	36.6331
Comoros I'ds	C.F.A. Franc	248.38
Congo (B'ille)	C.F.A. Franc	248.38
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.8250
Cyprus	Cyprus £	0.4135
Czechoslovakia	Koruna (m)	5.70
Denmark	Danish Krone	5.8565
Dominica	E. Caribbean $	2.70
Domin. Rep.	Domin'can Peso	1.00
Ecuador	Sucre (o)	25.00
Egypt	Egyptian £ (o)	0.3950
El Salvador	Colon	2.50
Ethiopia	Birr	2.0655
Eq'l Guinea	Peseta	68.60
Falkland Is.	Falkland Is. £*	1.7207
Faroe Is.	Danish Krone	5.8565
Fiji Is.	Fiji $	0.9272
Finland	Markka	3.7905
France	French Franc	4.9675
Fr. C'tyIn Af.	C.F.A. Franc	248.38
Fr. Guiana	Local Franc	4.9675
Fr. Pac. Is.	C.F.P. Franc	90.3411
Gabon	C.F.A. Franc	248.38
Gambia	Dalasi	2.3246
Germany (E) (o)	Ostmark (m)	2.3917
Germany (W)	Deutschemark	2.3917
Ghana	Cedi	1.1500
Gibraltar	Gibraltar £*	1.7207
Gilbert Is.	Aust. $	0.9057
Greece	Drachma	36.98
Greenland	Danish Krone	5.8565

Country	Currency	Value of DLR
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Rep.	Syli	22.14
Guinea Bissau	Peso	n.a.
Guyana	Guyanese $	2.5470
Haiti	Gourde	5.00
Honduras Rep	Lempira	2.00
Hong Kong	H.K. $	4.6490
Hungary	Forint (m)	20.60
Iceland	I. Krona	191.45
India	Ind. Rupee	8.8262
Indonesia	Rupiah	415.00
Iran	Rial	71.17
Iraq	Iraq Dinar	0.2961
Irish Rep.	Irish £*	1.7207
Israel	Israeli £	9.4200
Italy	Lira	887.25
Ivory Coast	C.F.A. Franc	248.38
Jamaica	Jamaica $	0.9091
Japan	Yen	276.98
Jordan	Jdn. Dinar	0.331
Kampuchea	Riel	n.a.
Kenya	Ken. Shilling	8.3513
Korea (Nth.)	Won (a)	0.94
Korea (Sth.)	Won	484.00
Kuwait	Kuwait Dinar	0.2885
Laos	Kip Pot Pol (o)	200.00
Lebanon	Lebanese £	3.0075
Lesotho	S. African Rand	0.8695
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenst'n	Swiss Franc	2.5464
Luxembourg	Lux. Franc (m)	36.65
Macao	Pataca	4.9739
Madeira	Port. Escudo	n.a.
Malagasy	MG Franc	248.38
Malawi	Kwacha	0.9066
Malaysia	Mal. Ringgit	2.4950
Maldive Is.	Mal. Rupee	7.2751
Mali Rp.	Mali Franc	496.75
Malta	Maltese £	0.4280
Martinique	Local Franc	4.9675
Mauritania	Ouguiya	49.675
Mauritius	M. Rupee	6.0357
Mexico	Mexican Peso	22.72
Miquelon	C.F.A. Franc	248.38
Monaco	French Franc	4.9675
Mongolia	Tugrik (m)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	4.5155
Mozambique	Moz. Escudo	n.a.
Nauru Is.	Aust. $	0.9057
Nepal	Nepalese Rupee	12.525
Netherlands	Guilder	2.4945
Neth. Ant'les	Antillian Guild	1.80
New Hebrides	Aust. $	0.9057
	Fr. Franc	4.9675
N. Zealand	NZ $	1.0401
Nicaragua	Cordoba	7.02825
Niger Rp.	C.F.A. Franc	248.38
Nigeria	Naira	0.6497
Norway	Nrwg. Krone	5.2485
Oman, Sultanate of	Rial Omani	0.3453
Pakistan	Pkst. Rupee	9.9043
Panama	Balboa	1.00
Papua N.G.	Kina	0.7978
Paraguay	Guarani (m)	126.00

Country	Currency	Value of DLR
Peru	Sol	74.24
Philippines	Ph. Peso	7.4185
Pitcairn Is.	NZ $	1.0401
Poland	Zloty (m) (o)	19.92
Portugal	Port. Escudo	38.57
Port. Timor	Timor Escudo	n.a.
Principe Isle	Port. Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.9500
Reunion Ile de la	French Franc	4.9675
Rhodesia	Rhd. $	0.617
Romania	Leu	4.97
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.70
St. Helena	£ Sterling*	1.7207
St. Lucia	E. Caribbean $	2.70
St. Pierre	C.F.A. Franc	248.38
St. Vincent	E. Caribbean $	2.70
Samoa (Am.)	U.S. $	1.00
San Marino	Italian Lira	887.25
Sao Tome	Port. Escudo	n.a.
Saudi Arabia	Ryal	3.5330
Senegal	C.F.A. Franc	248.38
Seychelles	S. Rupee	7.7469
Sierra Leone	Leone	1.1627
Singapore	Singapore $	2.4625
Solomon Is.	Australian $	0.9057
Somali Rep.	Som. Shilling	6.2950
Sth. Africa	Rand	0.8695
S.W. Africa Territories	S.A. Rand	0.8695
Spain	Peseta	68.69
Span. Ports in N. Africa	Sp. Peseta	68.69
Sri Lanka	S.L. Rupee	7.7782
Sudan Rp.	Sudan £	0.3482
Surinam	S. Guilder	1.80
Swaziland	Emalangeni	0.8695
Sweden	S. Krona	4.2005
Switzerland	Swiss Franc	2.5464
Syria	Syria £	3.9750
Taiwan	New Taiwan $	37.97
Tanzania	Tan. Shilling	8.3513
Thailand	Baht	20.40
Togo Rep.	C.F.A. Franc	248.38
Tonga Is.	Pa'anga	0.9057
Trinidad	Trin. & Tob. $	2.40
Tunisia	Tunisian Dinar	0.4219
Turkey	Turkish Lira	17.30
Turks & C's	U.S. $	1.00
Tuvalu	Australian $	0.9057
Uganda	Ug. Shilling	8.3513
Un'd A'b Emir	UAE Dirham	3.9000
Utd. Kingdom	£ Sterling*	1.7207
Upper Volta	C.F.A. Franc	248.38
Uruguay	Urug. Peso (m)	4.29
USSR	Rouble	0.7401
Vatican	Italian Lira	887.25
Venezuela	Bolivar (m)	4.29
Vietnam (N)	Dong (m) (o)	2.6630
Vietnam (S)	Piastre (o)	1.55
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	n.a.
Yemen	Ryal	4.5330
Yugoslavia	New Y. Dinar	18.28
Zaire Rp.	Zaire	0.8427
Zambia	Kwacha	0.7953

INTL. FINANCIAL AND COMPANY NEWS

Boost to Kvaerner profits

BY FAY GJESTER

OSLO, March 31.

THE KVAERNER shipbuilding and engineering group of Norway announces profits before taxes and end of year appropriations of Kr.124.6m. (£13.84m.) in 1976, compared with Kr.61.6m. in 1975.

Overall turnover rose 11 per cent. to Kr.2.18bn., from Kr.1.96bn. in 1975. The annual report says 1976 results were the best since the group was formed in 1967, and adds that this was largely due to the "successful completion of a number of long-term orders."

The group comprises nine mechanical engineering works, two shipyards and seven technological design and sales companies, and products range from LNG carriers to oil platform modules and advanced systems for coping with major oil spills at sea.

With the outlook for the future uncertain, as a result of the current recession, Kvaerner aims to keep liquidity high. For this reason, a larger provision than usual has been made to cover risks and possible future losses.

The Board proposes to pay a 12 per cent. dividend for 1976, 2 per cent. higher than for 1975.

The employment outlook for the group's member companies this year is described as reasonably satisfactory, given the present business climate. Financial results for 1977 are expected to be relatively good, again largely because of the completion of long-term orders.

The report expresses concern at Norwegian industry's declining ability to compete with foreign suppliers—a result of the high Norwegian cost levels and the strength of the Norwegian krone on the international currency market. Three-quarters of the group's activities are exposed to foreign competition.

● Aker Shipbuilding Group reports better operating results than expected in 1976 and good liquidity.

A high-level of activity was maintained and capacity at most of the group's companies was fully utilised. Employment was secured for capacity that was underutilised at the beginning of the year. For the third year running, however, the group is paying no dividends. Profits are to be credited to reserves.

Group turnover rose Kr.500m. (£55.6m.) to Kr.3.03bn., including exports worth Kr.1.4bn. Profits before taxes and allocations reached Kr.49.6m. compared with Kr.29.5m. in 1975. Figures in the accounts for both 1976 and 1975 have been adjusted in accordance with Norway's new company law.

Aker continues to expand its production of equipment for the offshore oil industry. In 1976 platforms and other offshore structures accounted for 46 per cent. of the group's output capacity, new ships for 17 per cent., engines and ship equipment 13 per cent., repairs and modifications 10 per cent., and industrial equipment and miscellaneous production 14 per cent. Deliveries during the year included 7 ships, totalling 315,000 tonnes dead-weight and 7 platforms and other offshore structures, including production platforms, drilling rigs and master construction barges.

At the end of 1976, orders in hand were worth Kr.3.6bn., of which Kr.1.6bn. worth had been booked during the year. A year earlier order reserves were worth Kr.4.6bn. The report describes the order situation as difficult, with overcapacity in shipbuilding globally. In the offshore sector there has been little interest in placing orders and development has been delayed on the Statfjord field and several fields in the U.K. sector.

Only 52 per cent. of production hours for 1977 were booked at the end of 1976, and the group expects the employment situation to be difficult in both 1977 and 1978.

Aker is still Norway's biggest industrial employer. Its labour force at the end of 1976 was 11,604, despite a decline, through natural wastage from 12,211 a year earlier.

Financial results for the current year are likely to be less favourable than for 1976, the report says, but "the consolidation achieved in 1976 will prove helpful."

Successful loan structure at Metzler

By Guy Hawtin

FRANKFURT, March 31.

B. METZLER SEEL. SOHN, a leading West German private bank, again suffered no credit losses in 1976. Indeed, there have been no credit losses to report since the bank, together with its competitors in the private sector, was obliged to publish figures six years ago.

Questioned at their annual Press conference, the partners attributed the performance to the bank's policy of "flexibility." But they added that flexibility could only work when dealing with "prime addresses."

Bankhaus Metzler, founded in 1964 and one of Europe's oldest merchant banks, is even more discreet than most of its counterparts in a sector noted for discretion. The bank's balance-sheet gives little real indication of the extent either of its influence or its business, both of which are substantial.

The balance-sheet total in 1976, for instance, advanced by about 5.6 per cent. from the previous year's DM542.2m. to DM572.8m. (£139.7m.). At the same time, the credit volume grew by about 5 per cent. from DM293.7m. to DM307.4m. But much of the bank's business is not reflected in the balance-sheet.

It is particularly strong in the consortium business and syndicates out a large proportion of its lending. The bank specialises in high quality research and prime clients, applying the same yardstick's both to its own credit business and its syndicated business.

It was reported that profits were slightly up on record levels of 1975. It should be pointed out, however, that most West German banks have reported measurable declines in earnings.

Strong Linde gains in sales and orders

By Our Own Correspondent

FRANKFURT, March 31.

LINDE, the Wiesbaden-based engineering, plant and construction group, saw a strong increase in both turnover and orders last year. Although earnings per share rose substantially, the group announced it is proposing an unchanged 16 per cent. dividend.

Growth was largely export led. The inflow of orders for the group amounted to DM2.25bn.—20.6 per cent. up on the DM1.87bn. in 1975. The parent concern's bookings rose by 21.7 per cent. from DM1.52bn. to DM1.85bn.

However, overseas bookings as a proportion of total orders went up from 1975s 42.3 per cent. to 54.2 per cent. for the group, while the parent concern reported an increase from 47.9 per cent. to 61.1 per cent. In the first two months of the current year, bookings were up a further 4.4 per cent. but the inflow of overseas orders was somewhat weaker.

Group turnover showed a rise of 12 per cent. from DM1.39bn. to DM1.55bn., but domestic sales showed a greater improvement than in the sector. Home turnover put on 12.4 per cent. to reach DM1.06bn., of which overseas sales accounted for DM497.8m.—11.1 per cent. up on the 1975 figure. The parent concern's turnover rose from DM997m. to DM1.52bn., of which export sales amounted to DM408.5m.

Earnings also moved upwards with the group's net profits rising from the previous year's DM28m. to DM31.2m. The parent concern's net advanced at a slower pace, rising from DM24m. to DM25m. Group net earnings per share showed a marked increase, rising from 1975s DM12.51 to DM16.20.

Dr. Hans Meinhardt, a member of the group's executive Board, said that in the first two months of the year, group turnover had shown a 20.1 per cent. improvement on that of the year before, increasing to DM186.4m. Orders at DM226.7m. were only about 4.4 per cent. over the previous year's level.

Budget relief in South Africa

BY RICHARD ROLFE

JOHANNESBURG March 31.

THE SOUTH AFRICAN budget has generally been met with a sigh of relief among the investment community. Rumours had been rife over the previous few days of a possible sharp rise in non-resident shareholders' tax from 15 to 30 per cent. and this, it was felt, would have sparked off widespread selling of local shares. It would also have removed any prospect of a capital inflow for portfolio investment.

In the event, the impact of the budget on the market takes three main forms.

First, brokerage rates for on-market deals have been reduced, by changes in the rate of Marketable Securities Tax, from R37 to R32 per R1,000 invested. At the same time, costs of off-market deals have been raised from R10 to R15 per R1,000 by a rise of ½ per cent. in stamp duty. These changes go some, but by no means all the way, to meeting brokers' requests for action to bring more institutional trading back to the market.

The second point is that financial institutions, mainly the life and pension funds, will be required to contribute R520m. over the financial year 1977-78 in the form of prescribed securities to help finance the R1.4bn. deficit. As indications were that the statutory contribution would have been R250m.-R300m. in the current year, this is not too serious a blow. Bearing in mind the institutions' generally declining commitments in property, this should leave a larger discretionary sum available for equity investment than last year.

Finally, brokers feel that the general thrust of the budget in which the rise in public expenditure was confined to 7.8 per cent., should be more bullish than bearish for foreign investment. The absence of any measures aimed at overseas shareholdings is a positive point. So is the 15 per cent. surcharge on about 40 per cent. of the Republic's imports, which should, coupled with the higher gold price, enable further progress to be made in repaying last year's heavy short-term borrowings.

Case/Poclain deal approved

PARIS, March 31.

THE FRENCH government has approved plans for J. I. Case, a wholly owned subsidiary of the Tenneco Inc. Group, to take a 40 per cent. stake in Poclain SA, Poclain said in a statement.

Poclain added that it will call a special shareholders meeting to seek approval for an increase in the share capital.

The new shares, representing 40 per cent. of the enlarged capital, will be sold to Case at Frs.310 each or a total of Frs.195m.

(Poclain shares were last quoted at Frs.115 before suspension on December 17, pending details of plans to restructure the company.)

Poclain said Case will pay a total of Frs.300m. including Frs.195m. for the new shares because part of the operation will comprise a sharp reduction in Poclain's liabilities.

At the request of the government, the Peugeot and Renault car groups, plus certain banks and institutional investors, will take stakes in Poclain. Reuter

EUROMARKETS

Increasing Spanish dependence after large borrowings in 1976

BY FRANCIS GHILES

SPAIN'S involvement in the Euromarkets as a borrower is increasing. The kingdom was the third largest borrower on the market last year, raising $2.1bn. This year it will be looking for $3bn. on the Euromarkets: at least ten loans are already, or will soon be, in the market.

Hidroelectrica Iberica - Iberduero, the country's largest utility company, is raising $60m. for six years with a spread of 1½ per cent. over Libor. Banco de Bilbao is running the book: other managers include three other Spanish banks, Banco de Vizcaya, Banco Santander and Banco Central, and five foreign banks, Chase Manhattan, Deutsche Bank, Dresdner Bank, Morgan Guaranty and Nat-West. The Spanish banks are underwriting $5m. each, the foreign banks $8m. each. Commitment fees of ½ per cent. and participation fees of between ½ and ¾ per cent. are in line with the market.

This is Hidroelectrica's first venture into the international financial market. Though it is paying bigger participation fees, the company has got a better spread than another Spanish utility company, Electric Utility Fecsa, which is raising $80m. (initially the amount was to have been $60m.) for six years at a spread of 1¾ per cent. over Libor.

Chase Manhattan is acting as agent and managers include Bank of Montreal, Bankers Trust International, Security Pacific National Bank, Lloyds Bank International, Kleinwort Benson and NatWest, each underwriting $10m., and Morgan Grenfell and Union Bank which are each underwriting $5m. This loan is being notarised (registered in Spanish law) as this puts the lenders in a better position to get their money back in case of liquidation. The money will help finance Spain's nuclear civil power capacity, a sector where Spain has ambitious projects.

Electric Utility Fecsa is not unknown in the market, having raised a number of smaller loans last year. This time, however, it decided to go for a bigger loan, thus making any other venture into the market unlikely in 1977. It appears to have taken a leaf out of the Ministry of Finance's book. Indeed, last summer the Kingdom of Spain raised a jumbo $1bn. loan rather than a series of smaller ones.

A number of other Spanish borrowers are in the market at present. The State railway is looking for $200m. and DM100m. in the form of a Eurobond issue. The DM100m. bullet issue for which Westdeutsche Landesbank is lead manager has a seven-year maturity and carries an 8 per cent. rate of interest. It will be lifted to-day.

The same bank is also lead manager for a $100m. medium term credit for RENFE. Maturity is seven years and the interest rate is split: 1⅝ per cent. over Libor for the first five years, 1¾ per cent. for the last two. Both these loans carry a Government guarantee.

RENFE is also reportedly seeking to raise a further $100m. elsewhere.

Other loans at present in the market include $15m. for Construcciones Aeronauticas under INI guarantee: $7m.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1988	105	105½
Australia 8½pc 1991	101½	102
Bowater 9½pc 1988	104½	105½
Canadian N. Rly. 8½pc '86	101	101½
Credit National 8½pc 1986	99	99½
Denmark 8½pc 1984	101½	102
ECS 9½pc 1988	104	104½
EIB 8½pc 1986	100½	101½
EMI 9½pc 1989	100½	100½
Erap 9½pc 1985	103½	104½
Ericsson 8½pc 1989	100	100½
Esso 8pc 1986 Nov.	102½	103½
Eurofima 8½pc 1983	103	103½
Granges 8½pc 1985	102	102½
Gt. Lakes Paper 8½pc '84	101	101½
Hamersley 9½pc 1992	103½	104
ICI 8½pc 1987	98	98½
ISE Canada 9½pc 1986	105	105½
Macmillan Bloedel 9pc '92	101½	102½
Massey Ferguson 9½pc 1991	104	104½
Michelin 9½pc 1988	103	103½
Midland Int. Fin. 8½pc '86	100½	101½
Modo 9pc 1986	100	100½
Natl Westminster 9pc 1986	102½	103
Newfoundland 9pc 1989	103½	104
Norges Kom. Bk. 8½pc '91	99½	100
Norpipe 8½pc 1989	99½	100
Norsk Hydro 9pc 1991	103½	104
Norsk Hydro 8½pc 1992	98½	99
Oslo 9pc 1988	101½	102½
Ports Autonomes 9pc 1991	100	100½
Prov. Quebec 9pc 1994	101½	102½
Quebec Hydro 9½pc 1992	99½	100½
Pr. Saskatchewan 8½pc '86	101½	102½
Skandinaviska E. 9pc 1991	101½	102½
SKF 8pc 1987	99½	99½
Volvo 9½pc 1985	104½	105½
Volvo 8pc 1987 March	97½	97½
Firestone 5pc 1988	85½	87½
Ford 5pc 1986	98	101
Ford 5pc 1988	88	90
General Electric 4½pc 1987	84½	86½
Gillette 4½pc 1987	78½	80½
Gould 5pc 1987	121	123
Gulf and Western 5pc 1988	86½	88½
Harris 5pc 1992	111	113
Honeywell 6pc 1986	88½	90½
ITT 4½pc 1987	83½	85½
Komatsu 7½pc 1990	107½	109
J. Ray McDermott 4½pc '87	149	151
Mitsubishi Elec. 7½pc 1991	121	122½
Mitsui 7½pc 1990	108½	110
J. P. Morgan 4½pc 1987	101	103
Nabisco 5½pc 1988	98	100
Owens Illinois 4½pc 1987	116½	118½
J. C. Penney 4½pc 1987	80	82
Pioneer 6½pc 1989	256	
Raymond 8½pc 1989	115½	117½
Revlon 4½pc 1987	102	104
Reynolds Metals 5pc 1988	95½	97½
Sperry Rand 4½pc 1987	88½	90½
Squibb 4½pc 1987	78½	80½
Texaco 4½pc 1988	78	80
Toshiba 6½pc 1990	108	109½
Union Carbide 4½pc 1982	103	105
Warner Lambert 4½pc 1987	84	86
Warner Lambert 4½pc 1988	78	80
Xerox 5pc 1988	77½	79½

Source: Kidder Peabody Securities.

NOTES	Bid	Offer
Australia 8½pc 1983	102½	102½
Australia 8½pc 1986	102	102½
Dow Chemical 8pc 1986	103½	104
ECS 7½pc 1982	97½	98½
EEC 8½pc 1982	101½	102½
Enso Gutzeit 8½pc 1984	98	98½
Gotaverken 8pc 1982	100½	101½
Hitachi Shipbldg. 7½pc 1984	97½	98½
Kockums 8pc 1983	99½	100
Michelin 8½pc 1983	102	102½
Montreal Urban 8½pc 1981	101½	102½
NCB 8½pc 1981	100½	101½
N. Brunswick Pv. 8½pc '83	103½	104½
New Zealand 8½pc 1986	101	101½
Nippon Fudosan 8pc 1981	100½	101
Singer 8½pc 1982	100	100½
S. Scotland Elec. 8½pc '81	100½	101
Swedish State 7½pc 1982	99½	100½
Venezuela 8pc 1984	98	98½

FLOATING RATE NOTES	Bid	Offer
Alld. Irish 6½pc min. '84	99½	99½
BNP 5½pc min. 1983	98½	99½
Bk. Tokyo 6½pc min. '81	101½	101½
IBJ 6pc min. 1982	99½	99½
Lloyds 7½pc 1983	101½	102½
LTCB Japan 6½pc min. '81	100½	100½
Midland 7½pc min. 1983	102½	102½
Wm. & Glyns 6½pc min. '84	100½	100½

D. MARK BONDS	Bid	Offer
Austria 8½pc 1985	99½	100
Beecham 8pc 1983	103½	104½
Bergen 7½pc 1989	100	100½
CFCE 7pc 1987	99½	99½
EIB 6½pc 1984	100	100½
ICI 7½pc 1986	101½	102
New Zealand 7½pc 1986	104½	105½
Norway 6½pc 1982	100½	100½
Shell 6½pc 1989	100½	101½
Statsforetag 7pc 1985	100½	100½
World Bank 7pc 1987	99½	100½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	84½	86½
Ashland 5pc 1988	93	95
Beatrice Foods 4½pc 1992	98	100
Beatrice Foods 4½pc 1992	100	102
Borden 5pc 1992	102	104
Broadway Hale 4½pc 1987	76½	78
Canon Camera 7½pc 1989	284	
Carnation 4pc 1987	83½	85½
Chevron 5pc 1988	123	125
Dart 4½pc 1987	80½	82½
Eastman Kodak 4½pc 1988	96½	98½
Economic Labs. 4½pc 1987	78	80
Fed. Dept. Stores 4½pc '85	100	102

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early small losses on lack of buying

BY OUR WALL STREET CORRESPONDENT

NEW YORK, March 31

SMALL LOSSES were recorded on Wall Street today, following yesterday's sharp setback. Analysts attributed the continued decline to lack of buying interest rather than heavy selling pressures.

Closing prices and market reports were not available for this edition.

At mid-day the Dow Jones Industrial Average was off 0.17 to 921.04 and the NYSE All Common Index eased 3 cents to $53.58, while declines were ahead of advances by about a three-to-two majority.

Trading volume decreased 1.31m. shares to 7.08m., compared with noon yesterday.

Analysts also said chances for a sustained rally have improved in view of the Stock Market's oversold condition. They also pointed out that recent economic news has been constructive as indicated by a 0.4 per cent. rise in the February Index of Leading Indicators.

Other favourable news included a 14 per cent. rise in New Construction Contracts in February, reported in a McGraw-Hill Survey today.

But investors were still worried about higher interest rates and other uncertainties, including President Carter's Energy Proposals, due April 20.

Kerr McGee were active but dropped $2¾ to $63½.

Eastman Kodak, also active, were down $¾ at $61¼—the Justice Department confirmed it is conducting a Monopoly Investigation into the photographic film business.

Philip Morris lost $½ to $53—a subsidiary said it will recall $15m. in Notes.

Burroughs rose $¼ to $61½ on the introduction of a new scientific processor.

Babcock and Wilcox was delayed—it is studying an offer from United Technologies to buy all of its shares at $42 each.

Prices were also lower on the American SE, where the Market Value Index declined 0.20 to 11.04. Trading volume decreased 120,000 shares to 850,000 shares, compared with noon yesterday.

WEDNESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Westinghouse Elec.	272,500	17¾	+⅛
Delman Pw. Lt.	235,500	15⅛	−⅛
Babcock & Wilcox	234,000	39⅝	+4¼
American Motors	224,700	5	−⅛
General Motors	185,400	69¾	−1
Du Pont	165,800	126½	−1½
Sony	158,600	9¼	−⅛
South Ry. Pl.	156,000	6⅛	—
Amer. Tel. Tel.	155,200	62⅛	−⅜
IBM	151,900	276½	−4

OTHER MARKETS

Canada again lower

Canadian Stock Markets remained mostly lower in light trading yesterday morning.

The Gold Share Index dipped 11.7 to 1073.3, Oil and Gas 1.5 to 1113.5, Banks 0.04 to 222.78 and Papers 0.58 to 112.03. But Metals and Minerals rose 4.1 to 1134.7 and Utilities put on 0.21 to 148.07.

Dome Petroleum at $14½ and Home Oil 'B' at $24½ were each off $⅜, Northern Telecom lost $⅛ to $32½ and Steel of Canada slipped $⅛ to $25½.

PARIS—Market was lower, apparently following disappointment about the new French Cabinet. Sentiment was also affected by the franc's continued firmness and the ¼ per cent. fall in Call Money to 9¼ per cent.

Roussel-Uclaf shed 4 per cent., despite its higher 1976 consolidated profit.

Most Foreign shares fell, but Germans were irregular.

BRUSSELS—Lower over a wide front after active trading.

Steels gave ground, Non-Ferrous Metals were mixed, Chemicals easier, Oils declined, Utilities were steady to higher, while Holdings finished little changed.

U.S. stocks fell back, while declines predominated in Dutch, German and French sectors.

South African Gold Mines were mostly unchanged.

AMSTERDAM—Market weaker in quiet trading.

Banks, however, were better, while Insurances were mixed.

State Loans weakened.

COPENHAGEN — Mixed in moderate dealings. Banks little changed. Shipping lower.

GERMANY — Mixed with a slightly higher bias in quiet trading.

Electricals lost up to DM1.50, while Engineerings were little changed to firmer.

Motors were mixed, Steels firmed up to DM1.50, and Stores also were firm.

Major Banks were generally lower, although Commerzbank were unchanged after higher 1976 parent company profits.

Linde also held unchanged, although it expects a higher 1977 turnover.

Public Bonds firmed up to DM0.50, with the Public Regulating Authorities selling some DM16m. nominal of stock. Foreign Mark Loans also were firm.

OSLO — Bankings, Insurances and Shippings quiet, but Industrials unsteady.

SWITZERLAND — Narrowly mixed in fairly active trading.

Banks and Financials were slightly better, Chemicals were mixed, while Insurances and Industrials declined. Merkur Bearer shed SwFrs.50, to 1,400 and National Insurance SwFrs.100 to 3,100.

Dollar stocks eased, Dutch Internationals were barely steady, while Germans were narrowly mixed.

SPAIN — Moderate selling. Galerias - Preciados, however, rallied 6 points to 241.

VIENNA—Quiet but steady.

MILAN—Stocks showed widespread gains in the wake of the Government/union compromise on wages opening the door to further IMF credit.

Fiat rose L44 to 1,934 on a 50 per cent. increase in dividend, but *Bastogi shed L8 to 747 on "poor" 1976 results.*

Generale Immobiliare firmed on continued optimism for a solution to its present financial *difficulties.*

JOHANNESBURG — Quiet on general lack of interest and no Budget reaction.

Gold shares firmed in line with the higher bullion price in quiet trading. Financial Minings also were marginally higher.

Coppers and Platinums were little changed.

Industrials were quietly steady.

HONG KONG — Higher in increased trading.

Hutchison were up 5 cents to $HK3.20, Wheelock "A" 2½ cents to 2.45, Jardine 20 cents to 16.80, Hong Kong Telephone 25 cents to 32.00, Hong Kong and Kowloon Wharf 20 cents to 15.00 and New World 1 cent to 1.41.

Hong Kong Land rose 15 cents to 7.0 on improved profits and an increased dividend.

But Hong Kong Bank were down 10 cents to 17.10 and Swire Pacific "A" 15 cents to 8.25.

TOKYO—Prices gained slight ground on selective interest in "low-priced" issues. Volume 300m. (270m.) shares.

Non-ferrous Metals were firm following a rise in London Metal Exchange prices.

Leading Securities companies were actively buying on their own account ahead of the start of the second half of their fiscal years beginning to-day.

Denshi Kagaku Kogyo rose Y16 to 209 on speculative buying in anticipation of good business results and progress of conversion of its Debentures into Common shares.

Dainippon Ink and Chemicals added Y36 at 261 on speculative buying.

Foodstuffs were also firm, but export oriented shares eased, including Electrical Appliances and Motors.

AUSTRALIA — Markets were generally firmer, with the National Wage award lower than anticipated and already discounted.

BHP gained 8 cents to $A6.78. Banks also hardened.

Boral rose 4 cents to $A2.10.

Among Mines, Central Norseman moved up 30 cents to $A3.50. *Utah 15 cents to $A4.35 and QLD Mines 5 cents to $A1.85.* But Pancontinental dropped 25 cents to $A11.75.

Forward £ firm

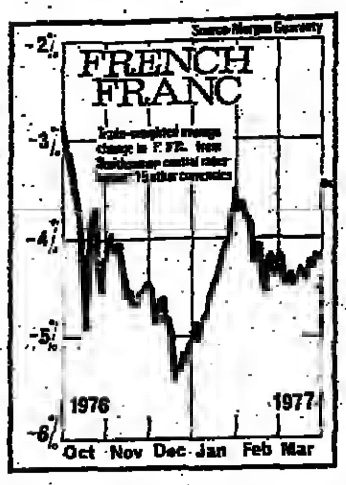
Sterling traded within a very narrow range against the U.S. dollar in the foreign exchange market yesterday, and the level of business was rather lower than on Wednesday. The Bank of England continued to intervene to prevent any sharp movement by the pound, but the cut of 1 per cent. to 9½ per cent. in Minimum Lending Rate appeared to have little influence on the market. The fall in U.K. interest rates was reflected in the continuing reduction of discounts on the pound for forward transactions however, and the tight control of the spot rate by the Bank of England may also have diverted demand into the forward market.

Three-month sterling's discount against the dollar narrowed to 1.73 cents from 1.88 cents, and the six-month forward rate narrowed to 3.63 cents discount from 4.07 cents discount.

The pound remained between $1.7195 and $1.7205 throughout the day, and closed at $1.7197-$1.7203, a fall of 5 points from the previous close. Its trade-weighted index against 20 major currencies, on the basis of the Washington Currency Agreement of December 1971, as calculated by the Bank of England, was unchanged throughout at 61.8.

The U.S. dollar tended to improve in the afternoon, following buying interest from New York. Its trade-weighted average depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York on noon rates, narrowed to 0.61 per cent. from 0.68 per cent.

Gold fell $1 to $148½-149¼ in quiet, nervous trading. The krugerrand's premium over its gold content was 3.11 per cent. for domestic and international delivery, compared with the previous domestic rate of 3.08 per cent., and the international of 3.25 per cent.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Mar. 30	Mar. 29
Sterling	0.673621	0.674660
U.S. dollar	1.10910	1.13874
Belgian franc	42.4810	42.4023
Deutschemark	2.77210	2.78702
French franc	5.73238	5.76813
Italian lira	1028.44	1029.10
Japanese yen	320.839	320.900
Dutch guilder	2.89233	2.88949
Swedish krona	4.86938	4.87207
Swiss franc	2.80223	2.84690

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Mar. 30	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankfurt	—	2.3835-3305	48.07-15	6.52-55	4.108-113	95.85-95.96	93.88-91
N. York*	41.84-86	—	20.13-14	2.735-78	1.7205-7210	40.14-17	39.31-33
Paris	47.865-365	4.9643-742	—	13.568-5636	8.54-5590	1[illegible]9.355-725	195.125-525
Brussels	15.31-34	36.59-2	7.36-39	—	2.90-63.01	14.7-7.71	14.38-41
London	4.11-12	1.7197-7205	8.54¼-¾	62.95-63.10	—	4.[illegible]8¾-29¾	4.37⅝-38⅜
Amst'dm	104.235-335	2.4607-32	50.11-16	6.8045-95	4.2245-95	—	97.975-025
Zurich	106.48-57	2.5435-45	51.19-23	6.945-9525	4.375-378	102.03-12	—

U.S. $ in Montreal. U.S. $ =105.54-65 Canadian cents. Canadian $ in New York. C$=94.71-73 U.S. cents. U.S. $ in Milan 887.40-60. Sterling in Milan 1626.35-1627.25. *Rates for March 30.

EURO-CURRENCY INTEREST RATES*

Mar. 31	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term	8¼-9⅛	4¾-5	6-7	6¾-6	4⅛-4⅛	⅝-⅞
7 days notice	9¼-9¾	4⅞-5⅛	7-8	6¾-6	4⅛-4⅛	1⅛-1⅝
Month	9-8½	4⅞-5⅛	7-7⅝	5⅞-6⅛	[illegible]	2¾-2⅞
Three months	9⅝-2⅞	5⅛-5⅜	7⅛-7½	[illegible]	[illegible]	3-3⅛
Six months	10-10½	5½-5¾	7⅜-7¾	5⅞-6⅛	[illegible]	3⅝-3⅞
One year	10¾-11¼	6-6¼	7¾-8⅛	6⅛-6⅝	[illegible]	3⅜-3⅛

Euro-French deposit rate: two-day 9¼-15½ per cent.; seven-day 9¾-10½ per cent.; one-month 10-10½ per cent.; three-month 10$\frac{5}{16}$-10$\frac{9}{16}$ per cent.; six-month 10$\frac{15}{16}$-11$\frac{5}{16}$ per cent.; one year 11¼-11¾ per cent.

Longer-term Eurodollar deposits: two years 6¾-7¼ per cent.; three years 7¼-7½ four years 7¼-7¾; five years 7¾-8¼ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 4¾-5 per cent.; three-month 5-5¼ per cent.; six-month 5¼-5½ per cent.; one year 5¾-6 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-days' notice for guilders and Swiss francs.

GOLD MARKET

	Mar. 31	Mar. 30
Gold Bullion (a fine ounce)		
Close	$148½-149¼	$149½-150¼
Opening	$149½-150¼	$148¼-149
Morning fixing	$149.20 (£87.078)	$148.90 (£86.524)
Afternoon fixing	$148.90 (£86.565)	$149.45 (£86.839)
Gold Coins domestically		
Krugerrand	$152½-154½ (£88¾-89¾)	$153½-155¼ (£89¼-90¼)
New Sov'r'gns	$50¼-52¼ (£29¼-30¼)	$50¼-52¼ (£29¼-30¼)
Old Sov'r'gns	$45¾-47¾ (£26¾-27¾)	$46-48 (£26¾-27¾)
Gold Coins (Interna'lly)		
Krugerrand	$152½-154½ (£88¾-89¾)	$155¾-155¾ (£89½-90½)
New Sov'r'gns	$50½-56¼ (£29¼-30¼)	$50-52 (£29¼-30¼)
Old Sov'r'gns	$43½-46½ (£25¼-26¼)	$43¾-45¾ (£25½-26½)
$20 Eagles	$250¾-253¾	$231¾-234¾

FOREIGN EXCHANGES

Mar. 31	Bank Rate %	Day's Spread	Close
New York	5¼	1.7195-1.7205	1.7197-1.7203
Montreal	8	1.8154-1.8225	1.8209-1.8218
Amsterdam	0	4.23-4.30	4.29¼-4.29¾
Brussels	7	62.90-63.20	62.95-63.10
Copenh'gen	9	10.06-10.09	10.07¼-10.08¼
Frankfurt	3½	4.10-4.12½	4.11-4.12
Lisbon	6	66.30-66.60	66.40-66.55
Madrid	7	118.00-118.35	118.20-118.35
Milan	15	1,524¼-1,527½	1,526-1,527
Oslo	6	8.99-9.02	9.00¼-9.01¼
Paris	10½	8.53-8.56	8.54¼-8.55¼
Stockholm	8	7.21-7.24	7.22-7.23
Tokyo	6½	472-480	477-478
Vienna	4	29.05-29.30	29.15-29.25
Zurich	2	4.37-4.38	4.37½-4.38½

‡ Rates given are for Convertible Francs: Financial Franc 63.85-63.15.

OTHER MARKETS

		Notes	Rates
Argentina	576.96-577.19	Argentina	618-618
Australia	1.5515-1.5571	Austria	28¼-29¼
Brazil	22.28-22.48	Belgium	62-64
Finland	6.55-6.64	Brazil	25-29
Greece	63.258-64.636	Canada	1.80-1.82
Hng-Kong	7.985-7.990	Denmark	9.95-10.15
Iran	120-124	France	8.45-8.55
Kuwait	0.487-0.501	Germany	4.00-4.20
Luxembg	62.95-63.10	Greece	62-65
Malaysia	4.2660-4.2790	Italy	1480-1550
N. Zealand	1.7804-7.7982	Japan	470-490
Saudi Arbs	6.05-6.13	Netherl'ds	4.20-4.35
Singapore	4.2288-4.2410	Norway	8.90-9.10
S. Africa	1.4876-1.5009	Portugal	65½-68½
U.S.—		Spain	117-121
Canada—		Switz'land	4.25-4.45
GSI—		U.S.	1.71½-73¼
U.S. cents	24.47-24.58	Yugoslav'a	35¼-34¼

Rate for Argentine is free rate.

FORWARD RATES

	One month	Three months
New York	0.65-0.55 c. pm	1.78-1.68 c. pm
Montreal	0.3-0.20 c. pm	0.85-0.75 c. pm
Amst'dam	1¾-¾ c. pm	4⅝-3⅝ c. pm
Brussels	15 c. pm-par	40-25 c. pm
Cop'nhgn	2¾-4¾ ore dis	10¾-12¾ ore dis
Frankfurt	2-1 pf. pm	5¼-4¼ pf pm
Lisbon	25 c pm-85 c dis	55 c. pm-par
Madrid	50-120 c. dis	220-320 c. dis
Milan	6-15 lire dis	25-35 lire dis
Oslo	¼-3¼ ore dis	par-1½ ore
Paris	¼-1¼ c dis	1½-2½ c. dis
Stockh'lm	½-2½ ore dis	5¾-6¾ ore dis
Vienna	12-2 gro pm	27-17 gro pm
Zurich	2¾-1¾ c. pm	7⅛-6⅛ c. pm

Six-month forward U.S. dollar 3.69-3.39c pm and 12-month 7.15-7.05c. pm.

Indices

NEW YORK—DOW JONES

	Mar. 30	Mar. 29	Mar. 28	Mar. 25	Mar. 24	Mar. 23	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	921.21	932.81	926.11	928.86	935.27	942.32	999.75 (3/1)	921.21 (30/3)	1051.70 (11/1/73)	41.22 (2/7/32)
Home B'nds*	90.75	90.89	91.06	91.13	91.10	91.14	93.57 (4/1)	90.84 (7/3)	—	—
Transport	225.61	229.24	225.51	226.29	228.25	228.72	237.52 (3/1)	221.61 (25/2)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	105.57	105.83	105.52	105.22	106.00	106.12	111.97 (26/1)	104.97 (25/2)	163.32 (20/4/65)	10.58 (28/4/42)
Trading vol. 000's	18,910	17,035	16,710	16,550	19,860	12,560	—	—	—	—

* Basis of index changed from July 1.

	Mar. 25	Mar. 18	Mar. 11	Year ago (approx.)
Ind. div. yield %	4.36	4.41	4.47	3.68

STANDARDS AND POORS

	Mar. 30	Mar. 29	Mar. 28	Mar. 25	Mar. 24	Mar. 23	1977 High	1977 Low	Since compilation High	Since compilation Low
*Industrials	109.46	110.25	110.02	110.07	110.22	111.40	119.92 (3/1)	109.46 (30/3)	154.64 (11/1/73)	46.2 (30/6/32)
†Composite	98.54	98.99	99.00	99.06	99.70	100.28	107.00 (3/1)	98.54 (30/3)	125.85 (11/1/73)	4.40 (1/6/32)

	Mar. 23	Mar. 16	Mar. 9	Year ago (approx.)
Ind. div. yield %	4.18	4.09	4.17	3.26
Ind. P/E Ratio	10.46	10.69	10.48	14.04
Long Govt. Bond yield	7.71	7.72	7.76	6.67

N.Y.S.E. ALL COMMON

Mar. 30	Mar. 29	Mar. 28	Mar. 25	1977 High	1977 Low
53.21	54.19	53.85	53.92	57.07 (4/1)	53.21 (30/3)

Rises and Falls	Mar. 30
Issues Traded—1,872	Up—367
Down—1044	Same—461
New Highs—25	New Lows—138

	Mar. 30	Mar. 29	Mar. 28	Mar. 25	1977 High	1977 Low
MONTREAL Industrial	185.61	183.97	182.65	183.27	186.47 (17/3)	176.39 (21/1)
MONTREAL Combined	180.97	181.69	180.47	180.93	182.73 (16/3)	175.30 (13/1)
TORONTO Composite	1020.8	1022.8	1018.4	1023.1	1032.3 (16/3)	992.0 (16/1)
JOHANNESBURG Gold	188.8	188.2	171.6	176.0	192.5 (7/3)	146.9 (7/2)
JOHANNESBURG Industrials	169.5	169.2	169.6	170.4	186.8 (7/1)	169.5 (23/3)

	Mar. 31	Previous	1977 High	1977 Low
Australia (a)	442.21	438.57	447.52 (17/1)	419.68 (16/2)
Belgium (b)	94.04	94.58	99.12 (10/1)	92.61 (20/2)
Denmark (d)	107.84	107.71	107.85 (25/3)	98.96 (6/1)
France (e)	48.3	49.2	58.4 (7/1)	43.3 (31/3)
Germany (f)	734.3	733.6	754.1 (10/1)	712.5 (10/3)
Holland (g)	86.6	87.5	87.6 (30/3)	21.2 (26/1)
Hongkong (h)	417.27	416.15	447.08 (6/1)	415.46 (14/3)
Italy (k)	67.38	66.70	73.71 (6/1)	65.76 (21/3)
Japan (m)	375.67	376.44	383.79 (9/2)	373.67 (22/3)
Singapore (n)	—	247.39	260.29 (10/1)	247.33 (30/3)
Spain (p)	93.08	93.42	102.37 (1/5)	89.9 (11/2)
Sweden (q)	405.33	407.37	415.68 (22/3)	389.10 (4/2)
Switz'l'd (r)	287.6	287.6	292.8 (11/1)	280.3 (6/2)

Indices and base dates (all base values 100 except NYSE All Common—50, Standards and Poors—10 and Toronto 300-1,000, the last-named based on 1975.) (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/76. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp. 31/12/58. (s) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. unless otherwise stated. ‖ Yen 50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Shillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

Investment premium based on $2.60 per £1—114% (113½%).

OVERSEAS SHARE INFORMATION

NEW YORK

Stock	Mar. 30	Mar. 29
Abbott Labs	45½	43⅝
Addressograph	10⅞	11¼
Aetna Life & Cas	29¼	30
Corning Glass	63¼	64½
CPC Int'national	47⅝	48⅜
Crane	32	33
Crocker Nat	26⅞	26⅞
Crown Zellerbach	40⅛	40¼
Johns Manville	32⅛	32⅜
Johnson Johnson	67½	68
Johnson Control	37⅝	40
Joy Manufactu'g	47⅜	48
Kaiser Alumin'm	37½	37⅛
Revlon	37⅜	38
Reynolds Metals	38	39¾
Reynolds R. J.	63⅛	65⅛
Rich'son Merrell	25½	24⅜
Rockwell Inter	33⅛	33⅛
Xerox	47⅝	48⅝
Zapata	10⅝	10½
Zenith Radio	24½	25
Chile 5% 1993	121⅛	81½
U.S. Treas. 4% 1980	193⅞	93⅞

GERMANY ◆

Mar. 31	Price Dm.	+ or −	Div. %	Yld. %
A.E.G.	89.5	−0.3	—	—
Allianz Versich	406		18	2.2
B.M.W.	222.5		18	4.1
BASF	162	−0.5	14	4.3
Bayer	141	+0.1	14	5.0
Bayer Hypo	270		20	3.7
Bayer Vereinsbk.	877	+2	30	3.0
Commerzbank	187.5		18	4.8
Conti. Gummi	62.3	+0.6	—	—
Daimler Benz	335		17	2.6
Degussa	241.6	+0.5	18	3.7
Demag	143.0	+1.5	16	5.6
Deutsche Bank	275.0	−0.5	20	3.6
Dresdner Bank	218	−0.5	20	4.5
Dyckerhoff Zemt.	128		6	2.5
Gutehoffnung	166		14	4.2
Hapag Lloyd	124	−0.5	12	4.8
Harpener	173		9	5.2

TOKYO‖

Mar. 31	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	332	+2	14	2.1
Canon	590	+5	11	0.9
Casio	485	+6	25	2.2
Chinon	990		20	1.0
Dai Nippon Print	571	−5	18	1.6
Fuji Photo	600	−4	15	0.9
Hitachi	203	+6	12	2.2

AUSTRALIA

Mar. 31	Aust. $	+ or −
ACMIL	†0.66	−0.01
Acrow Australia	†0.66	
Adelaide Brighton Cement 50c	†1.18	
Allied Mfg Trdg. Indus. $1	†1.57	
Ampol Exploration	†1.03	+0.03
Ampol Petroleum	†0.55	
Assoc. Minerals	†1.26	

BRAZIL

Mar. 31	Price Cruz	+ or −	Div. Cruz	Yld. %
Banco Brazil PP.	4.09	−0.07	0.18	4.41
Belgo Mineira OP	3.60		0.14	3.89
Brahma PP	1.68	−0.03	0.16	9.49
Docas Santos OP.	1.07	+0.02	0.16	14.92
Lojas Amer. OP.	3.17	−0.65	0.20	6.31
Petrobras PP	2.66	−0.09	0.11	4.14
Samitri OP	3.66	+0.12	0.18	5.38
Mannesman OP.	3.75	+0.10	0.10	2.67
Souza Cruz OP	3.70	−0.10	0.21	5.68
Valeri Doce PP	2.60	+0.11	0.11	4.23

Vol. Cr. 99.9m. Shares 35.8m. Source: Rio de Janeiro SE.

CANADA

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

STOCKHOLM

COPENHAGEN ♣

MILAN

VIENNA

SWITZERLAND ♦

OSLO

JOHANNESBURG

SPAIN ♥

FARMING AND RAW MATERIALS

U.S. gives soya export assurance

WASHINGTON, March 31.

U.S. AGRICULTURE Secretary, Mr. Bob Bergland, said there would be no embargo on U.S. soyabean exports unless some new market sources tried to buy up available stocks.

Testifying before the Senate Agricultural Committee Mr. Bergland said he was closely watching reports that China might seek either U.S. or Brazilian soyabeans.

He said carry-over stocks of 60-85m. bushels this season constituted "a very low reserve."

Mr. Bergland said that although the prospects of a soyabean export embargo were almost nil, the U.S. would have to give priority to traditional customers, particularly Japan. The only reason for an embargo would be a national security issue.

Asked by Senator Bob Dole of Kansas whether there would be advance consultation with Congress and farm and trade leaders, the Secretary said he thought something could be arranged along such lines.

He asked the Senate for guidance on how it thought soyabeans should be distributed if the U.S. got to the point where very low stocks were causing difficulty.

Reuter.

Nigeria starts £84m. farm credit fund

By Our Own Correspondent

LAGOS, March 31.

NIGERIA HAS promulgated a decree formally establishing a Naira100m. (£84m.) Agricultural Credit Guarantee Fund for developing Agriculture.

The Federal Government will provide 60 per cent. of the fund, which will be managed by the central bank—contributor of the remaining 40 per cent.

Establishment of the fund is an attempt to encourage the commercial banks to lend more money to farmers. Nigeria's dependence on imported food is increasing as farmers drift to the towns or revert to subsistence production because of unfavourable market prices.

The fund is expected to guarantee up to three-quarters of bank loans to farmers.

CALCUTTA TEA

CALCUTTA, March 31.

There was fair demand for the 18,677 packages offered at to-day's tea dust sale.

All exportable types rose in price, but the remainder attracted less interest and eased. No quotations were given.

Reuter.

Row over more cheap EEC butter for Russia

BY ROBIN REEVES

BRUSSELS, March 31.

THE ROW over the sale of cut-price Common Market butter to the Soviet Union came to life again here to-day when it was reported that a steady trickle of exports is continuing, desipte the Brussels commission's supposed clampdown.

An EEC pokesman confirmed a U.S. Department of Agriculture report that the Soviet Union is still trying to buy 30,000-35,000 tonnes of EEC butter, in addition to the 36,000 tonnes already purchased at a knock-down price of 24p a lb. Furthermore, he admitted that shipments could be continuing in small quantities through a loophole in the EEC export subsidy.

In the wake of the row over the 36,000 tonnes sale at the beginning of the month the commission introduced a new monitoring system whereby applications for the pre-fixing of export subsidies were subject to Commission approval. The Commission said that, in practice, applications would not be granted for further large sales to the Soviet Union and other Eastern bloc countriaa.

Nn such condition, however, was attached to the same £910 a tonne subsidy still available on a spot hasis. Normally, use of the spot subsidy would be considered too risky for the export of large qnantities, because of the risk of a change between eontract and delivery.

The Soviet Union's appetite for cheap EEC butter aeems to be such, however, that trade is eontinuin gin small parcels of up to 2,000 tonnes each through traders in West Germany and the Netherlands, with a view to securin ga further 30,000-35,000 tonnea by the end of next month.

The Commission'a dairy market management committee made up of EEC and netional government officials, mat to-day to consider possible ways of plugging the loophole and make recommendations to the 13-man executive of the Commission under the prealdency of Mr. Roy Jenkins, which is dne to meet to-morrow.

The letest newa comes only days after Mr. Jenkins and Mr. Finn Gundelach, the Commissioner responsible for agriculture, had successfully ridden out a Gaullist-Fianna Fail motion of censure in the European Parliament eondemning the Commission for mismanagement and trade discrimination agaiost a valuable export market.

While British public opinion was incensed at cheap exports to Russia, the opposite is true to other parts of the Community. There has been widespread anger in France, particularly, at the loss of valuable export sales.

Moreover, after the U.K.'s decisioo this week to block agreement on higher E7EC farm prices, there may well be less inclination to pander to British public opinion.

● The wholesale price of Country Life butter is to be cut by £25 per tonne from nrxt Monday. The English Butter Merketing Company said the move had been provoked by the lack of decision at the recent meeting of Farm Ministers in Brussels. It also reflected the rise in English domestic butter prodnrtion

No beef crisis says Silkin

BY PETER BULLEN

MR. JOHN SILKIN, the Minister of Agriculture, last night urged farmers' leaders not to overdramatise the devaluation of the Irish "green pound" and its effects on U.K. beef markets.

He warned a deputation from the farmers' unions that had complained ebout the delay in fixing this year's EEC farm prices and the disparity caused by the devaluation in the Irish "green pound," that U.K. beef farmers might be alarmed. They might then send too many cattle to market thus putting nnnecessary pressure on prices and making a rod for their own backs.

In e special statement the Minister said: "In the negotiations in Brussels, I am determined to achieve a deal which is fair both to farmers and consumers. I know thet farmers would have preferred an early settlement, but I am not prepared to settla on unfair terms.

"British agriculture is basically bealthy and I have reminded the farmers' unions that the Government is committed to agricultural exponsion especially in milk, sugar beet and sheep."

He said be realised that the gap between U.K. end Irish "green pounds" had given rise to soma problems on beef but the change in the Irish rate had mada their exports more competitive in Germany and the Benelux countries as well as in the U.K.

The change had increased the Irish heef intervention price to a level well above the U.K. market price, he pointed nnt. "The risk of Irish aales nndercutting our market should not, therefore, be exaggerated," be added. In any case producer returns continued to be underpined by beef premiums and intervention.

He emphasised that this proposal that the basis of the pigmeat monetary compensatory amounts be changed to help U.K. prodncers was atill "on the table" in Brussels, despite the strong opposition of the Danish Government.

"I shall be pressing this subject at the next Council meeting on April 25-26. Meanwhile the temporary U.K. pig subsidy wlil continue at the present level."

British bacon price rise

BY RICHARD MOONEY

MANY BRITISH farmers will be receiving np to 60p a head more for their becon pigs from next week, following FMC's announcement yesterday of a £25 rise to £890 a tonne in the first-hand bacon price.

The new price will increase returns to FMC's contract producers by 8p a score (20 lbs.).

Prices for Irish and Ulster bacon were raised by £35 a tonne, but Danish was unchanged at £915.

Averaged over a whole side of bacon, £25 a tonne is equivalent to 1p a lb. in the shops. However, any price increase is likely to be concentrated on middle cuts and back which could rise 2-3p and 3-4p a lb. respectively.

Discounts nffered (equivalent tn 4-5p a lb. on middle cuts) have now been discontinued so that rises in the shops will depend on the extent to which these discounts were heing passed on to the consumer.

Mr. H. M. Newton-Clare, chief executive of FMC's Harris subsidiary, said yesterdey that the company had been anxious to get its prodnct back into a realistic parity with Danish.

With sow and boar slaughterings currently amounting tn 10,500 a week, compared with about 6,000 at this time last year, Britain conld soon be desperately short of pigs if producers were not offered some encouragement, he said.

Further big fall in coffee

By Richard Mooney

NERVOUS SELLING pared another sizeable chunk off London coffee futures prices yesterday. By the close the May position was quoted £140 dowo at £3,810 a tonne—the lowest level for three weeks.

Dealers said the overnight weakness of the New York market, combined with a continued lack of roaster interest, encouraged the shakeout. There was no important fundamental news to explain the decline.

In Cartagena, Colombia, Arturo Gomez Jaramillo, manager of the Colombian Coffee Growers' Federation, said world coffee prices would not fall before August, 1978, and even theo the decrease would be limited by rising production costs. This forecast, bowever, seemed to have been generally ignored in the market.

In Cincinnati, Folger Coffee announced another increase in its vacuum-packed coffee price. A 1lb. can goes up 25 cents to $4.43 with immediate effect.

Cocoa prices also decline in London yesterday. Dealers saw the fall, which trimmed the May price to £2,237 a tonne (down £57 on the day) as a continuation of the late decline on Wednesday afternoon, which had followed a brief rally.

Overnight easing in New York also influenced market sentimrnt.

Metals rally continues

By Our Commodities Staff

THE RALLY in metal prices continued on the London Metal Exchange yesterday, recouping some of the heavy lossea suffereo earlier this week.

Copper was boosted by nervousness over the situation in Zaire affecting supplies and the African copperbelt. However it was New York that set the upward tone, following chartist covering of previous sales and the taking up of new "long" positions. Cash wirebars closed £14.5 up at £881 a tonne.

Tin was encouraged by a rise in the Penang market overnight, but values moved erratically throughout the day in thin trading. Cash tin closed £120 up at £5,545 a tonne, despite some new speculative selling earlier in the day.

EUROPEAN AGRICULTURE

Importance of the part-time farmer

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE CENTRE for European Agricultural Studies, at Wye College in Kent, has just issued a report of e workshop conducted last summer into part-time farming.

Its importance in agriculture as a whole is underlined by the fact that in Germany, for instance, 55 per cent. of all farmers are part-time and produce 30 per cent. of total farm nutput.

In the U.K. 24 per cent. of farmers are so classified, while in Japan no fewer than 87 per cent. of all farm households have non-farming income.

The workshop decided that part-time farming would have e vital part to pley in policies aimed at restructuring agriculture end the re-vitalising of economically depressed regions. It has alweys existed in some form or other in many societies both in Europe and elsewhere.

In agriculture development generally, part-time farming has seldom baen pursued as e metter of national policy except in West Germany. There, in order to maintain the halance between urban and rural popnletions, industry was positively encouraged to set up in rural areas so thet small farmers could supplement their farm income by industriel earnings.

This is very different from the practice in Britain, where there has been a constant drift to the towns since the industrial revolution. For the last 30 years, too, the planners beve used almost every means to prevent any form of industry settling in villagea which could draw its workforce from existing small farmers.

The part-time system has worked extremely well in Germany and, although the ecologist might prefer that all factory chimneys and workshops be concentrated in some industrial ghetto, their presence in the German countryside has meant a substantial and viable rural society.

Part-time farming is not new in Britain either. Although a professional farmer all my life, I have made excursinns outside farming. Within a few weeks of going into my first farm, I had e smell contracting business hiring a tractor and driver out to my neighbours who still worked with horses. I later ran a fairly successful cattle and sheep-dealing operation and at one time was involved as e machinery distributor.

My entry into journalism came later. Besides its interest, the main attraction is that, unlike my agriculturel customers, the FT and other employers pay every month without fail. I have to give no credit.

Mine is far from being an isolated case. I know of many substantial farmers who have ventured into other lines of business partly to supplement their farm income or assets, but also to avoid the constriction of being locked into the farm you may have been born into, without bope of any eacape.

Thia is an important point. Although I love farming and would never do anything else, I know that if I were stuck on e small or medium farm without bope of expansion I would go mad unless I had some otber interest to occupy my mind.

Most farms work best es a routine operation. Once ticking over and producing well the less the system is interfered with the better. If change is needed, it should only be initiated after considerable reflection.

I have known many farmers who have come badly unstuck because, bored to distraction by their surroundings, they have tried to alter things too quickly. There are no statistics as to the number of large farmers who are part-time, but if you were to study those who are magistrates, committee members, rural councillors, and so on you will find that farmers, although a very small minority of tha rural population, do much of the public work.

At the lower end of the scale there are large numbers of small farmers, particularly in the livestock areas of Wales, the West of England and Lancashire, who have always ekad out their farming living with outside work on roads and forestry and almost anything you can think of. Most occupations only demand a 40-hour week, which would seem to leeve plenty of time for running quite a reasonable ferm.

The report makes the particular point that some farmers in hill areas such as Cumbria and Wales really would need extra occupations to survive and instances tourism as one source of income.

In the same way the crofters of tha Hebrides have their weaving and fishing with which to eke out a living on land which, because of its remoteness and poor quality soil, is very difficult to farm economically under eny system at ell.

When it comes to comparing European policies, I think the Germans have probably been most successful in social terms in providing a satisfactory basis for rural life.

The British policy of doing nothing positive—and for a long time actually frowning on part-timing—has probebly been the worst.

Cotton exports boost for Sudan

BY OUR OWN CORRESPONDENT

KHARTOUM, March 31.

SUDAN'S BALANCE of payments difficulties are expected to be somewhat eased this year by record revenue from cotton, the country's principal foreign exchange eerner. In recent years the crop has consistently failed to meet its full earning potential and match the nation's growing import bill.

Within two weeks of the 1977 cotton marketing policy being announced on March 2 by the Cotton Public Corporation—the State-run body which markets the country'a entire eotton crop—forward orders worth about $380m. had been received for more than 1m. bales of long, medium and short staple cotton.

The cotton supply comprises this year's output, the volume of which is not yet known, plus carry-over stocks from previous years.

Total external sales during the 1976-77 marketing season amonnted to 636,000 bales worth $228m.

Last year saw the highest export figure in recent years when cotton worth $272m. was exported. The 1973 export figure was $232m., while the 1974 figure was only $155m.

Although sales end export figures do not provide a genuine comparison, the $380m. sales figure obtained in so short a period is by far the bighest in memory. Coming so early in the marketing season it suggests that eventual revenue this year will be considerably more than of late.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steadier on the London Metal Exchange, following the strong overnight performance of Comex, which was caused by chartist buying. Forward metal opened at £900 and traded around £905-£906 with trade selling absorbed by short-covering and chartist buying. In the afternoon Comex was higher and concern about the situation in Zaire caused a rise to £908, but the price slipped to close on the Kerb at £904. Turnover, 21,775 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £877, three months £902, 03, 02.5, 03, 04, 05, 04.5, 04, 03.5, 04. Cathodes: Three months £894.5. Kerb: Three months £904, 04.5, 05, 06, 07, 07.5, 08. Afternoon: Wirebars: Three months £903, 05.5, 06, 07, 06.5, 06, 05.5, 07, 07.5, 07, 07.5, 08, 07.5. Kerb: Three months £906, 05, 04, 05, 06.

TIN—Higher but prices were erratic in thin trading. Forward metal started steadily at £5,650, climbed to £5,700 but then fell to £5,590 on influential selling. At this level fresh buying came in, there was some U.S. interest and the price advanced to £5,700 before closing on the Kerb at £5,690. Turnover, 2,155 tonnes.

Morning: Standard: Cash £5,470; three months £5,650, 70, 50, 20, 30, 28, 10, 5,600, 5,595. Kerb: Standard: Three months £5,590, 600, 610, 630, 632, 625. Afternoon: Standard: Three months £5,620, 25, 40, 50, 60, 30, 90, 95, 5,700, 05, 5,700. Kerb: Standard: Three months £5,700, 5,690.

LEAD—Gained ground although forward metal, after opening at £382 was initially depressed to £376 on substantial selling from a source associated with the trade. Thereafter trading was above £381 with good two-way business especially at the lower levels. The close on the Kerb was £384, a high for the day. Turnover, 4,400 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	366.5-7.5	+3.5	370-1	+4.5
3 months	377.5-8	+5.5	380-2	+5
S'ment	367.5	+3.5	—	......
N.Y. Spot	—	......	31*	......

Morning: Cash £367; three months £377, 81, 80, 79, 78, 79, 78.5, 77, 76, 77, 77.5, 77, 78. Kerb: Three months £378, 79, 80, 81, 82, 83, 82. Afternoon: Three months £382, 80, 83, 82, 83, 82, 81. Kerb: Three months £381, 82, 83, 84.

ZINC—Firmer as forward metal opened higher at £400 and traded throughout the day above this level. There was quite good buying just over £400 and some U.K. consumer interest. After a day of routine trading, the price closed on the Kerb at £405, just beneath the best. Turnover, 2,975 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	391-2	+7.75	391-3	+8.5
3 months	404.5-5	+8.25	404.5-5	+8.5
S'ment	392	+8	—	......
Prm. West	—	......	37*	......

Morning: Three months £400, 01, 02, 03, 05, 04.5. Kerb: Three months £405, 05.5, 05. Afternoon: Three months £404, 06, 05. Kerb: Three months £405.5, 06, 05.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

COCOA

JUTE

Yarn and cloth prices very firm.

LONDON—Steady. Bangladesh White "C" grade March-April $414. Bangladesh White "D" grade March-April $357 a long ton.

CALCUTTA—Steady. Indian spot Rs555.00. Dundee Tossa Four spot Rs.555.00 values a bale of 400 lbs.

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
March	—	—	—
May	3808-815	—140.0	3900-781
July	3852-854	—127.0	3945-815
September	3871-872	—159½	3975-840
November	3885-895	—147½	3985-870
January	3840-850	—167½	3930-860
March	3856-858	—188.0	3930-845

Sales: 6,615 (4,578) lots of 5 tonnes.

RUBBER

SLIGHTLY STEADIER opening on the physical market. Little interest throughout the day. Closing on a dull note. Lewis and Peat reported a Malaysian godown price of 200 (same) cents a kilo (buyer, April).

No. 1 R.S.S.	Yesterday's close	Previous close	Business Done
May	55.40-55.50	55.50-54.80	55.55-55.50
June	54.75-55.00	54.50-55.00	54.85
Jly-Sep	56.95-57.07	57.00-57.10	57.05-56.75
Oct-Dec	60.10-60.20	59.20-59.30	59.40-59.00
Jan-M'r	62.35-62.40	62.00-62.05	62.30-62.15
Apr-Jne	64.35-64.15	64.40-64.70	64.40-64.00
Jly-Sep	66.20-66.25	66.40-66.50	66.50-66.10
Oct-Dec	68.35-68.40	68.50-69.00	68.40
Jan-Mar	70.40-70.45	70.75-71.75	70.40

Sales: 349 (165) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 52.5p (same); May 51.75p (same).

SOYABEAN MEAL

GRAINS

SUGAR

WOOL FUTURES

MEAT/VEGETABLES

COTTON

COTTON, Liverpool—Spot and shipment sales in Liverpool amounted to 357 tonnes, bringing the total for the week so far to 1,735 tonnes, reports F. W. Tattersall. Increased demand brought additional orders in Middle Eastern qualities. Russian and Turkish, coupled with some Latin American styles, were in chief request.

I.G. Index 01-351 2466. July coffee 35.10-35.20

Europe sugar area estimate reduced

STATISTICIAN F. O. LICHT'S second European sugar beet acreage astimate for 1977 is slightly lower at 7.97m. hectares compared with the rst estimate of 7.99m., but up from the 1976 figure of 7.94m. hectares, reports Reuter.

Western Europe (including EEC countries) is put at 2.62m. heclarea against Licht's first estimate of 2.64m. and 2.70m. in 1976.

Eastern Europe is forecast at 5.36m. heetares, compared with the first estimate of 5.35m. and 5.24m. in 1976.

PRICE CHANGES

Prices per ton unless otherwise stated.

FINANCIAL TIMES

Mar. 30	Mar. 29	Month ago	Year ago
276.00	273.66	283.87	190.73

(Base: July 1, 1952=100)

REUTER'S

Mar. 31	Mar. 30	Month ago	Year ago
1731.2	1732.9	1701.0	1302.8

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Mar. 30	Mar. 29	Month ago	Year ago
Spot	[illegible]	429.99	425.12	306.64
Futures	414.97	420.45	412.99	[illegible]

(Average 1924-25-26=100)

MOODY'S

U.S. Markets

Soyabeans weaken, silver easy

NEW YORK, March 30.

COPPER closed strong on speculative buying on continued fighting in Zaire. Silver closed barely steady on Commission House selling following weakness in soyabeans. After early strength, due to rumours of Chinese buying reaching new contract highs, soyabeans closed lower on Commission House and local profit-taking. Coffee finished limit down on speculative liquidation and lack of trade support, Bache reports.

CONTRACTS AND TENDERS

INTERNATIONAL APPOINTMENTS

In the third article on Renault, **Terry Dodsworth** looks at car production

Placing eggs in many baskets

ONE OF the most interesting books written about a nationalised company is a weighty coffee-table tome called the Romance of Renault. Between the glossy pictures, it has a compelling story to tell. It shows how "Le Regie," literally rising from the ashes of its bombed-out factory at Billancourt in Paris after the war, emerged as one of the most formidable vehicle companies in Europe within a nationalised framework which most of its critics believed would never work.

The book provides ammunition both for and against the critics who say that this success is based solely on its access to State finance. It is certainly true that, in the first three decades after the war, Renault was led by Left-wing-inclined men who had the ability to work with the State and harness its resources to the company. It is also true that a remarkably expansionist temper, which contrasts with the caution of private concerns, has reigned within the company. Edouard Seidler's book shows that Renault has been notably more generous to its workers on matters of the "social wage" than most of its European rivals: and it has clearly pursued long-term objectives at the expense of short-term profitability.

All the same, Renault's progress has not been as dependent on State aid as many of the critics assume. What the company has done is to use the assurance of State backing to create a model range based on far more innovative ideas than that of any other motor company in Europe. It could be argued, of course, that joint stock companies would never have dared to go out on a limb, as Renault has done, on front-wheel drive engineering, the hatchback rear door, aluminium engines and joint component manufacturing projects. It remains true, however, that Renault has taken the long-term risk involved in these policies, and made a success of them.

Pace-setter

It did this by developing a carefully thought-out framework for its model range in the early 1960s. This was based on the twin concepts of having a wide variety of cars — its former director, M. Pierre Dreyfus used to talk of one new launch a year — each of which is a fundamentally practical solution to the challenge of family motoring.

Rival designers see this commitment to practicality as Renault's main contribution to car engineering over the last decade. For example, David Bache, the British Leyland designer who created the award-winning Rover 3500 and Range Rover, believes that the R16 was one of the great pace-setters of the European industry. "The French are very practical. And in small cars, practicality is the most important thing."

M. Bernard Hanon, head of the Renault car division, similarly stresses the way in which the company has deliberately developed vehicles for the whole family. He says: "When we introduce a car like the R14 (the latest mid-range hatchback) it is quite obvious that we want to make an agreeable car. We don't want to design a sports machine. Of course we want it to have modern lines and not look sedate. But we also want to emphasise interior room and space."

M. Hanon is a tall, urbane executive who made his way up to the top of the company by way of the marketing and product planning departments. As one might expect from his background, he relates the company's model development closely to social changes. The range has grown gradually from the limited and simple cars of the post-war austerity period towards the needs of the lower income families who exploded into the car market in the 1960s, and now towards the requirements of greater affluence. The R30, for example, Renault's new large saloon, was only launched after the company had educated a public which was ready to move into these more sophisticated cars: "Comfort and silence on longer journeys are progressively edging out the virtues of performance and instant gear shifting."

Nn one in the European industry seriously challenges the view that Renault has had a brilliant success in developing a model range which stamps a clear image on the mind of the motoring public. The question of frequent model launches, however, is more controversial. Critics and rivals say that the company has followed a needlessly expensive procedure of starting each model afresh from the drawing board, instead of pursuing the "reskinning" policy—taking the base of an existing car and redesigning around it—which is followed by Ford, Opel and others.

RENAULT PRODUCTION
(No. of Units)

YEAR	CARS	COMMERCIAL	TOTAL ALL VEHICLES	EXPORTS
1965	504,507	72,606	577,113	264,832
1966	666,224	71,755	737,979	333,191
1967	706,622	70,846	777,468	379,532
1968	734,455	72,952	807,407	432,060
1969	911,264	98,108	1,009,372	526,097
1970	1,055,803	103,942	1,159,745	680,639
1971	1,069,070	105,244	1,174,314	661,174
1972	1,202,686	115,641	1,318,327	712,597
1973	1,292,991	121,572	1,414,536	809,255
1974	1,355,799	131,729	1,487,528	844,376
1975	1,293,551	98,397	1,391,948	825,683

Exports

The object of Renault's model strategy, however, has been very different from Ford's, which is based on establishing a core market and then maintaining and expanding it with improvements in the basic design. Renault scarcely ever "replaces" a model in the sense that Ford makes a new Escort, or Leyland created the Allegro out of the old 1100 series. The Renault idea is to seek out new slots for each new model, and then to keep the old ones going as long as possible. A wide model range is seen as a marketing ploy, a tool to generate swift growth and to keep it moving within markets which do not always share the same tastes.

This approach to exploiting new markets is particularly evident in its attack on export areas within the EEC. Europe is still not an entirely homogenous car market, despite the growing convergence of taste within the last 10 years, and Renault's seven different body shells recognise this fact. The company's baby car, for instance, the R5, was conceived partly as a car to establish it in Italy (Ford has copied the idea with the Fiesta), and the car has done just that. In Germany, on the other hand, the medium-size R12 sells much better. There is a striking contrast between this strategy and Volkswagen's mono-model policy during the 1960s, or Ford's three-model policy which let it down badly in France and Italy.

Economy

At the same time, the rapid involvement in foreign markets has kept Renault's factories expanding at such a rate that it has been able to achieve many of the economies of scale demanded in large motor companies. Since 1965, for example, its car output has gone up from 505,000 to 1.5m. a year. The rate of expansion has been such that Renault has been able to produce a good many of its models at or above the 250,000-units-a-year rate which economists reckon is the ideal minimum—the Renault 4, 5 and 12 all fall into this category, and the 14 will, when production picks up. The R5 capacity is for about 400,000 units a year.

How much longer Renault can go on launching models across the market is an open question. With its new big car, the R30, it has effectively topped out its range for the foreseeable future, and the whole range is already underpinned by the R5. Like other European companies, Renault is now having to plan also for more limited growth in Europe as the market matures and fewer new motorists come on to the road.

The impact of this maturing in the market means that manufacturing economies will become much more important. In other words Renault, like its European competitors, will be searching with more than a normal sense of urgency for productivity improvements in the years ahead. In the past it has scored reasonably well on the crude count of vehicles per year per man, ranging between 9.5 and 13 units: in 1975, for example, it made 1.3m. cars with a workforce of about 100,000 men. But M. Hanon admits that model rationalisation might have helped improve productivity: "We have been much more successful in standardisation of components than in simplifying the body range."

Whether this means that Renault might move towards a simpler model range is by no means clear. Basically, says M. Hanon, the company is looking for improvements in three areas.

The first is in the volume of component manufacturing. This can partly be done by persuading component manufacturers to standardise their own products and go for longer production runs; partly it can be achieved by joint manufacturing agreements with other vehicle manufacturers — a system which Renault has pioneered at the engine plant owned jointly with Peugeot.

Secondly, there are advantages to be gained by looking for overall volume in the production of the cars themselves — which means keeping up the pressure for new markets.

Thirdly, there is stability of manpower. The factors to be overcome here are high labour turnover, absenteeism and strikes. These all have a deleterious effect on productivity because a stop-go working pattern inevitably reduces output and produces shoddy work.

It is interesting that M. Hanon does not make a particular point of the effect of automation. "If you look at modern car factories all over the world," he says, "you will see that the degree of automation is not all that different. The key discriminating factors will be their capacity to succeed in standardisation of components, to ensure efficient component supplies, and above all to have stable manpower and uninterrupted production. If you have strikes, absenteeism or high labour turnover, you breed bad habits."

FINANCIAL TIMES SURVEY

Friday April 1 1977

Arab Shipping and Ports

Arab countries still constitute the fastest growth area in the world. The flow of goods to the Gulf and the Red Sea continues to increase, but port congestion remains a serious problem, though it is considerably relieved by unitised cargoes.

Centres of activity

By Richard Johns, Middle East Editor

THE ARAB world is as much as ever a focal point of interest for the international shipping industry. Accounting for eight of the Organisation of Petroleum Exporting Countries' members and 60 per cent. of its output last year, this family of nations—bound by common language, aspirations and organisations—continues to enjoy a rate of growth far higher than the average, even if the pace is much less breathtaking than it was in 1974-75. Despite impressive improvements in some countries' port congestions is still a challenging problem — albeit one which, by tying up dry cargo vessels, has helped reduce over-capacity in cargo vessels.

Working in the other direction has been the Suez Canal. Reopened nearly two years ago, it has secured a significant share of the traffic in general commodities though very much less oil than the Egyptian Government had hoped. But now tanker owners have to take into account the Suez-Mediterranean pipeline that started operations at the start of 1976. In their efforts to increase ownership of tonnage to transport a higher proportion of their own crude oil, Arab producers have been made aware of harsh market realities—but their long-term resolve to achieve a greater measure of self-sufficiency for both dry cargo and petroleum has in no way been undermined.

Because of the inexorable rise of oil prices and output, which has also benefited indirectly the non-producing states, Arab trade has expanded much more rapidly than that of any other group of countries. In 1970-75 the 333 per cent. increase in the value of their imports as recorded by the UN—from \$9.39bn. to \$40.78bn., compared with a global one of 273 per cent.—raised their share of the developing world's market from 16.6 to 21.6 per cent.

For recent trends since the 1973-74 escalation in oil prices, more up to date and revealing are the export statistics of the Organisation for Economic Co-operation and Development, whose 23 members would account for about three-quarters of Arab purchases. They are in fob terms and therefore do not include the costs resulting from port congestion which have so inflated import bills in the region. Sales to the Arab world rose in 1974 by 57 per cent. over the previous year and a further 65 per cent. in 1975 (compared with increases of 33 per cent. and 6 per cent. in those two years respectively for the world as a whole). In the first half of 1976 the gain over the same period of 1975 was a more modest 22 per cent. Yet that was nearly four times better than the average.

Surge

The surge of imports into the oil-producing countries was bound to strain port capacity to the limit. The problem of congestion was compounded by the Lebanese civil war and the virtual stoppage of transit trade overland from Beirut towards the end of 1975. Since then the one really significant improvement has been at Jeddah and Dammam, the main entry points to Saudi Arabia where congestion was most spectacular only a year ago. But elsewhere the situation is generally no better or has even deteriorated.

In the Gulf the slowdown in the expansion of imports will have reflected the limitations on the absorptive capacity of the producing states rather than the squeaze on revenue experienced by some oil producers. Port congestion was one of the inflationary constraints which led Saudi Arabia in the latter half of 1976 to restrain public expenditure and give priority to the easing of its major transportation bottleneck. According to one report submitted to the Government, unloading delays were adding nearly 40 per cent. to the cost of the Kingdom's imports at one point last year.

Only a year ago about 200 ships were at anchor outside Jeddah and surcharges were running at anything from 50 to 250 per cent., while at Dammam there was an average wait of three months and a 90 per cent. surcharge. The change in the situation at both ports has been dramatic. Waiting times are now negligible and, almost miraculously, surcharges were recently suspended. Quite apart from the enormous increase in capacity being implemented at these two ports and also at Yanbo (which is still suffering from bad congestion) the Kingdom is pressing ahead with no less than four emergency facilities designed for the import of construction materials.

Iraq is reported to have overcome the congestion problem at Basrah and Umm Qasr. Elsewhere in the Gulf at Abu Dhabi, Dubai, Kuwait, Doha and Bahrain there are currently delays of 30 to 70 days. Waiting time of up to two months can be expected at Aqaba where the flow of imports has tripled over the past 12 months. At the eastern end of the Mediterranean congestion is had at Latakia, Tartous, Alexandria and Port Said.

While long-haul road haulage has flourished as a result of limited port capacity in the region, transportation over shorter distances has given a degree of flexibility within the region whereby the slack at one facility can be taken up to relieve the pressure at another. At the beginning of 1976, for instance, both Kuwait and Aqaba were able to offer their services to Iraq and Saudi Arabia. Imports for Saudi Arabia have been passing through Bahrain. Similarly, goods for the Yemen Arab Republic are being routed through Aden, which has been sadly under-utilised since its demise as an entrepot. (Transhipment on to smaller vessels has also been helping to ease the strains on Hodeidah. Recognising their mutual interdependence and the scope for co-ordination, Saudi Arabia, Iraq, Kuwait, Bahrain, Qatar and the United Arab Emirates last year established the Gulf Ports Authority as a consultative body.

The oil producers are all investing heavily in expanding their port facilities. Most of them are undergoing their most concentrated phase of development — raising the question whether there might eventually be over-capacity in the Gulf. Some observers believe that Saudi Arabia in its efforts to ensure against congestion in the future could find itself with idle berths. More serious is the possibility of the UAE constructing more than it requires and of needless duplication resulting from the rivalries of member states. Capital-hungry Egypt and Syria, however, want more capacity for their own needs.

Port congestion in the Gulf has encouraged the development of improved handling methods and the use of vessels designed for quicker unloading—which should mean better use of capacity in the future. In particular, it has stimulated the production of larger and more efficient roll-on, roll-off vessels. The requirements of the Middle East alone should guarantee a growth in demand for these vessels for the next decade or so, and no doubt ports in the region will continue to give berthing priority to them. Direct services to Algiers, Tripoli and Tunis are also in operation. The Gulf boom has also been responsible for the start of direct container services and long-distance barge traffic.

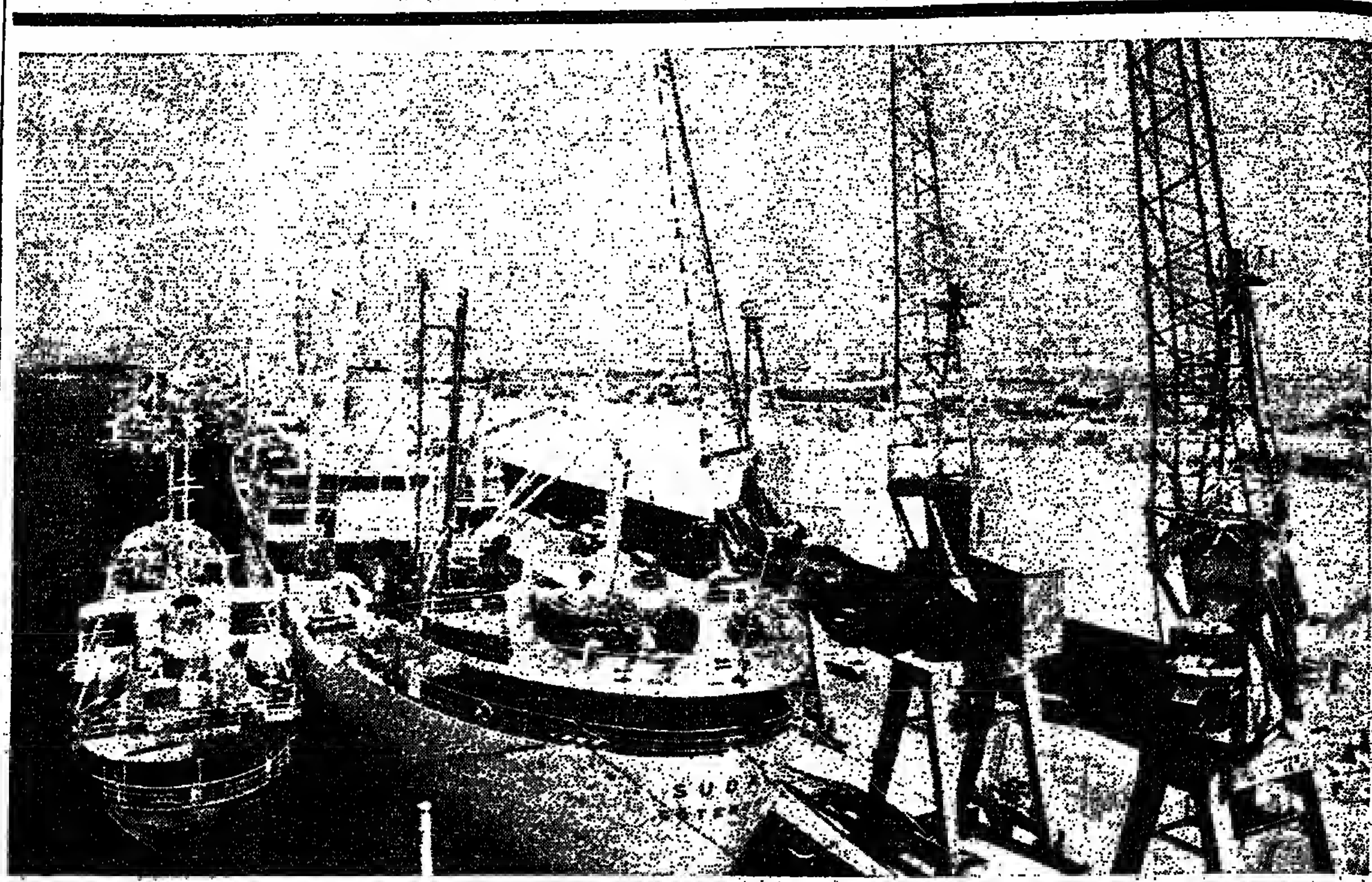
With the re-opening of the Suez Canal such shipments have become commercially viable despite the fact that the vessels for the most part return empty and container vessels have been subjected to a surcharge. Undoubtedly, the waterway has attracted cargo from the long overland route, benefiting Jordan, Sudan, Saudi Arabia and the Arab states of the Gulf in the process, even if it has been of prime importance for trade with Asia and the Far East. Although the Canal has made little impact on world oil trade, the volume of cargo traversing it—accounting for 60 per cent. of total tonnage—has been well above the levels before the closure in 1967. More than 26,000 vessels have now passed through the waterway since its re-opening, and Egypt is now receiving badly needed hard currency at an annual rate of nearly \$350m. The Canal may have made redundant as much as 500,000 d.w.t. of capacity.

Oil tankers in ballast account for the steady rise in the number using the waterway since the beginning of 1976. With its draught limiting the size of vessel able to traverse to only 80,000 d.w.t., the Suez Canal could expect only a very small proportion of north-bound loaded traffic. Its ability to recapture a bigger share will depend on the implementation of the plans for enlargement. The first phase in hand will increase the depth to 53 feet and accommodate full tankers of 100,000 d.w.t. and VLCCs of up to 250,000 d.w.t. in ballast. The scale envisaged for the second phase, which the Egyptian Government appears determined to proceed with, would enable the Canal to aim at the bulk of the world's oil movements in either direction. Until it is achieved there should be no conflict with the Sumed pipeline, which early this year had a promising start to its operations.

Checked

Confronted with the depressed tanker market the producing states' drive to carry as much as possible of their crude oil in vessels owned by themselves seems to have been checked, momentarily at least. Having recorded a loss in 1975, its first year operation, the Arab Maritime Petroleum Transport Corporation has had to lay up tonnage. Profiting from preferential bunker prices, the Kuwait Oil Tanker Company has been doing much better. Considerable tonnage remains on order and, if the leading petroleum states were to apply meaningful legislation on flag preference they could yet make an impact on the still depressed *international business.*

The goal of securing 40-50 per cent. of the transportation of their own oil looks as though it will involve a big, perhaps prohibitively large, investment. However, Arab countries—notably Algeria, Egypt, Iraq and Kuwait—are pressing ahead with the expansion of their cargo fleets. Last month saw the formation of the United Arab Shipping Company capitalised at \$680m. and owned by Kuwait, Saudi Arabia, Iraq, the UAE and Qatar. Initially, the 33 vessels of the Kuwait Shipping Company already afloat, as well as 15 on order, will form the operating fleet. The UASC looks like growing into a force to be reckoned with.



General cargo berths at Jeddah, Saudi Arabia.

Latter-day miracle by the Red Sea

THE REOPENING of the Suez Canal in June, 1975, restored a traditional gateway for shipping to the Middle East which virtually guaranteed that the handful of Red Sea ports capable of handling deep-sea vessels would be swamped with a demand for berth space. Aqaba in Jordan, Jeddah and Yanbo in Saudi Arabia have fought mighty battles to cope with the armada of ships employed in trying to meet the Arab world's almost insatiable desire for manufactured goods.

Jeddah is the largest and by far the most important and there have been times in the past 12 months when it seemed that the port might just disappear under the sheer volume of goods which were being shoehorned into it. Waiting time for general-cargo vessels at the middle of last year was 200 days, shipping conferences were levying surcharges of 90 per cent. or more and Jeddah became synonymous with Arab port congestion.

Everyone was alive to the problem, however, and there has been no shortage of supply of ingenious responses from the Saudi Arabians themselves as well as shipowners and shippers. The Saudi Arabian Ports Authority, under the presidency of Dr. Fayez Badr since last September, has taken a grip on the situation and given port administration a clarity that was previously lacking, while shipowners and shippers have also responded by stepping up unitisation of cargoes and introducing a variety of new vessels capable of a speedy and flexible transfer of goods from ship to shore. The results have been spectacular (some of those who have seen the problem at first hand prefer to say "miraculous").

In 1973 cargo passing through Jeddah amounted to 1m. tons, in 1975 it was nearer 3m. tons and in recent months the port has been handling the annual equivalent of 7m. tons. Not only has the port managed to cope with this massive increase in cargoes, it has also reduced the backlog of vessels waiting to unload. In February waiting time had been slashed to between 40 and 55 days and conference lines operating out of the U.K. were sufficiently encouraged by the changed situation to reduce the congestion surcharge in January from 75 to 35 per cent. and then to abandon it altogether a month later.

Clearly this represents a major success story for the Saudis and due credit should go to all concerned. Gray Mackenzie, an Inchcape subsidiary, has played an important role in sorting out the port's administration according to the contract it was given in mid-1976. The company's task has been considerably smoothed by the efforts of the Saudi Arabian Ports Authority which has fought a determined campaign against crucial aspects of the congestion problem.

Importers were told in no uncertain terms to clear the dockside of the enormous tonnage of cargo which had rapidly built up in the first half of last year or face the loss of their goods through public auction. They were given advance notice of the discharge of cargoes and new regulations have recently been issued to speed the flow of container traffic.

At the end of last year the Authority took determined steps to ensure that ships arriving at Jeddah and all other Saudi ports were able to conform to minimum cargo handling standards. The regulation forbade any ship over 15 years old from discharging cargo in Saudi Arabia unless it was certificated as cargo worthy and possessing adequate deck machinery. The aim of this move is fairly obvious and it was not welcomed by the small non-conference operators who had parked very old tonnage in the queues waiting outside Saudi ports, earning substantial demurrage payments in the process.

Backlog

Other measures introduced by the Ports Authority included the elimination of preferential berthing rights and the use of helicopters to unload cement from a steadily growing backlog of vessels.

These measures, coupled with better administration and streamlined procedures, have been most important in effecting the radical improvement at Jeddah. But other factors too have been helpful. In particular, an enormous expansion in roll-on roll-off services has taken place over the past year because of these vessels' obvious superiority in moving goods from ship to shore. The number of roll-on roll-off ships using the port has increased fivefold during the past year and now that the main burden of the congestion problem appears to have been beaten, questions are being asked as to whether all of the ships committed to running into Jeddah will continue to find economic employment.

The answer almost certainly will be that some of the ships will fail to yield the earnings to justify their continued use, but that some specialist ships purpose-designed for trading into the Middle East, such as the giant roll-on roll-off vessels being built in Japan for Seaspeed Ferries, should have a future because of their comparatively low operating costs. Many operators, however, believe that the future lies in containers, not roll-on roll-off.

Cunard Arabian Middle East Line (CAMEL) which has built up a very successful service in the last 12 months based on a Strider class ship chartered in from Sea Containers is planning to abandon the use of this type of medium-sized roll-on roll-off ship for container ships. Camel revealed late last year that it was looking to acquire two such ships by 1978-79 and a senior executive opined that new container berths scheduled for completion at Jeddah in 1979 would severely limit the appeal of roll-on roll-off services into the port.

Operators like Camel which are keen to establish a permanent presence in Saudi Arabia and the Gulf have had to concern themselves with the onward transport of cargoes from the dockside. Camel's solution for this problem, also adopted by other shipping companies, has been a joint road haulage operation with a Saudi company.

Jeddah's new container berths are only a small part of development plans which should make congestion a thing of the past. Archirodon of Greece is currently working on providing seven new berths at a cost of more than £70m. and these should be completed by the end of 1978. A further 20 berths by 1980 are scheduled in a £613m. plan to be carried out by a consortium involving Archirodon, Skanska of Sweden and Grands Travaux de Marseille.

Stimulated

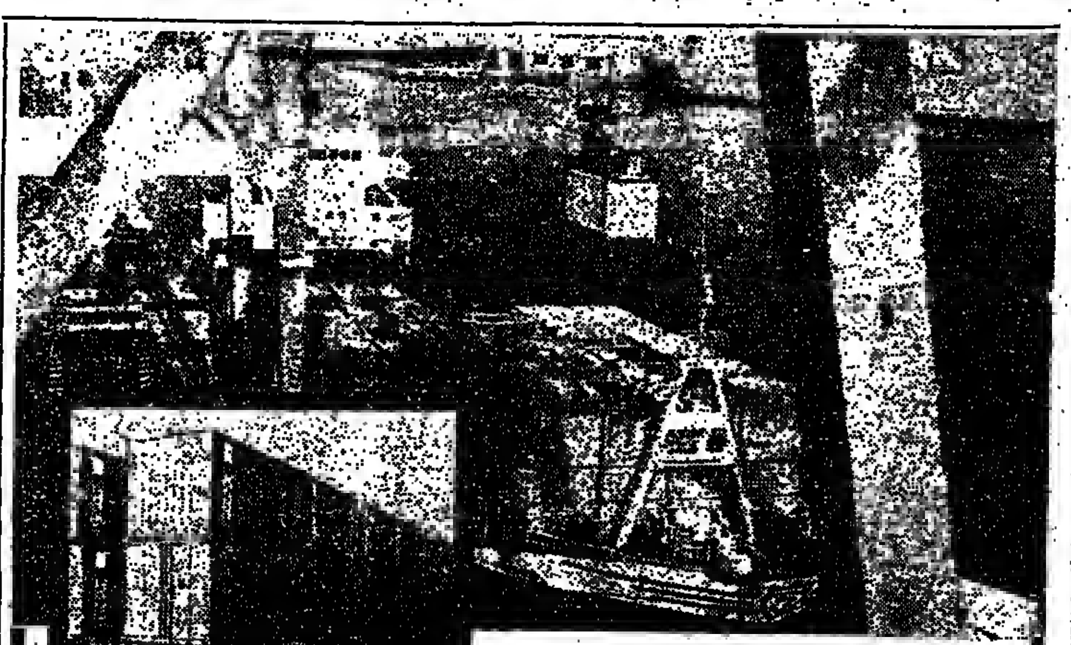
Jeddah's development will ensure that it remains the Red Sea's No. 1 port but the tremendous volume of goods seeking entry into the Arab world during the past three years has also stimulated the development of other ports, particularly Yanbo in Saudi Arabia, Aqaba in Jordan and Hodeida in Yemen. At Yanbo, where the vessel waiting time in February was still up to 50 days, is to acquire seven new berths under a £156m. scheme being carried out by the Saudi Arabian construction group Ditco.

In common with other Arab ports Aqaba's development has lagged far behind demand for its services but four new berths are planned and will be built by a joint venture involving the U.K.'s Tarmac International and Shahin Engineering of Jordan. At the same time Aqaba has latched into a short-term expedient for attacking its congestion problem which many experts think could have widespread application throughout the Arab world.

This is in the shape of a £4m. floating dock which is due to be completed by IHI of Japan shortly. Its ability to accommodate two general cargo ships of up to 20,000 dwt and two roll-on roll-off vessels all at the same time is seen as a vital addition to Aqaba's capacity.

Finally, at the southern end of the Red Sea a modest development scheme is under way at Hodeida which will extend available wharfage and provide extra warehousing.

John Wyles
Shipping Correspondent



Rapid developments in the Gulf

THE ARAB GULF states have responded massively to the challenge of port congestion which has afflicted all of them to varying degrees since the 1973/74 oil price rise. Port development work worth more than $5bn. is now in progress and five completely new ports are being built, at least three of them of colossal dimensions.

The irony of this surge in port development is that although relatively few new berths have come into operation since 1973/74, compared with those projected for the future, waiting times at almost all ports appear to be dropping, albeit slowly. This is because of improved management techniques, some levelling nut of import demand and tbe increased use of roll-on/roll-off ships and containers. The imports of all Gulf states cao be expected to incraase in the next few years as development spending rises and industrial projects get under way. But there must be doubt as to whether by the middle of the next decade the Gulf ports as a whole will nnt have a serious surplus of berths.

One factor increasing the possibility of surplus port capacity is that the port planners in most Gulf states appear to have underestimated the speed at which roll-on/roll-off and containerisation would be introduced into the region. Broadly speaking they have opted for large investments in general cargo berths (with some container facilities) at a time when the fast turnround times offered by the more modern cargo handling methods threaten to make many of the new berths redundant.

The planning of future port capacity is a highly uncertain business because each country's own development plans are inevitably subject to doubt. But all the Gulf states have been deeply impressed by the long queues of ships waiting outside their ports in the past two years and by the resulting escalation in the cost of imports. Each country's understandable reaction has been to plan and commission sufficient port capacity for its foreseeable import needs.

But the position is complicated by the United Arab Emirates. Here Dubai's Port Rashid—the largest in the Middle East—already handles two-thirds of the UAE's imports and a large part of the freight for Oman and Qatar, by means nf the excellent regional road system. Dubai understandably has no wiah tn give np its entrepot role and is expanding further. But Abu Dhabi apparently intends to match Dubai's development with a massive investment in new berths, while new facilities are being built by both Sharjeb and Ras al Khaimah. Adding in the new industrial ports being built by Dubai and planned by Abn Dhabi it appears that the UAE accounts for about half of the 200-odd new berths under construction or projected in the Gulf. With few moves towards co-ordination of port development, either within the UAE or in the Gulf as a whole, there is an obvious danger nf fierce competition between ports in a few years' time.

Succeeded

In the past few months Saudi Arabia has succeeded in largely eliminating waiting time at its two ports, Jeddah on the Red Sea and Dammam on the Gulf. At Dammam the reduction was achieved by a combination of increased capacity and improved management: the number of berths has increased from 5 in 1973 to 13 last May and now stands at 22. Early last year a joint venture of the British concerns Scruttons and Mersey Docks and Harbour Company took over the management of the pnrt, bringing in their own staff and dramatically increasing the throughput. Stringent measures were enforced to make merchants remove their goods quickly from the wharf.

As Saudi development expenditure increases the number of ships wishing to use Dammam can be expected to increase, but further expansion is already in progress. By 1980 it should have 38 berths in service, for which contracts worth $1.7bn. were signed last year. A $550m. dredging contract—the largest ever — went to HAM-Hollandsche Beton Group of the Netberlands and Dredging International of Belgium. The civil engineerlog work is being carried out by a consortium headed by Philipp Holzmann of West Germany, with Archirodon of Greece and Interbeton of the Netherlands. The consulting engineers are Sir Bruce White, Wolfe Barry and Partners of the U.K.

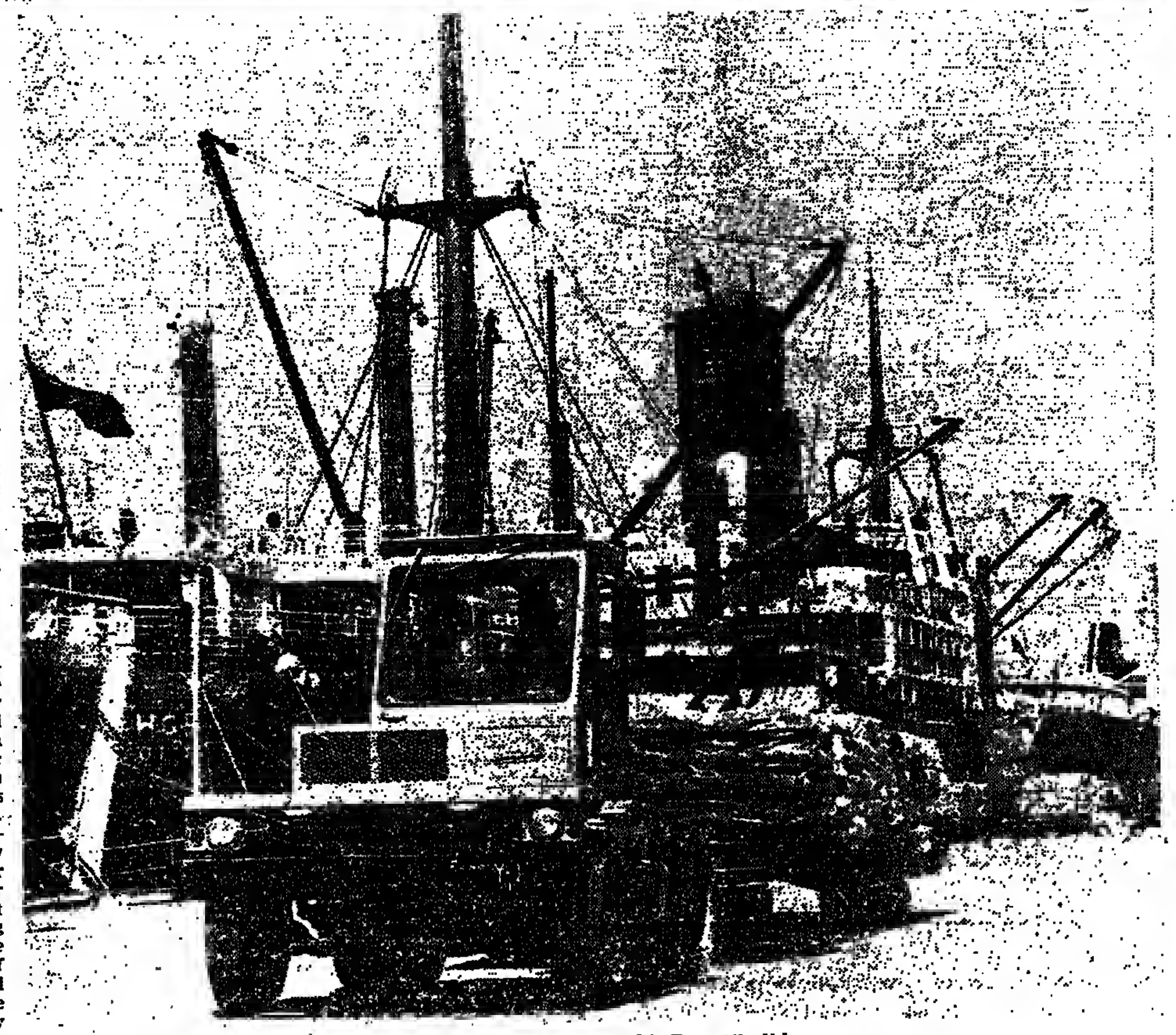
About 90 km further north a totally new port is being created at Jubail, partly to serve the industrial city being developed in the area and partly as an addition to Saudi Arabia's overall port capacity. The contracts awarded amount to more than $1.7bn. The commercial port will have 16 berths, including two container berths, and the industrial port is to have nine berths for the imports of such cargoes as iron ore, limestone, alumina and salt, while a tsnker terminal capable of handling four 500,000 dwt VLCCs is to be built in deep water. The first two berths at the commercial port are due to come into operation later this year and the completion date for the entire complex is expected to be 1980. The main contractors are Adriaan Volker (Netherlands), Archirodon, Hochtief (West Germany), Stevin (Netherlands), and Hyundai (South Korea). The consultants are Sir William Halcrow and Partners of the U.K.

The only Gulf port which could be said to have anticipated the economic explosion in the region was Dubai's Port Rashid. Begun in the late 1960s it now has 19 berths and has enjoyed a reputation for speedy handling which three months ago threatened to overwhelm it when nearly 200 ships were waiting for berths. Though the number is now down to just over 100 the average waiting time is 61 days. To try to reduce the congestion the port has raised ils charges, including those for storing goods. The permitted storage time has been cut from 12 months to six months and free storage time halved to ten days. But it remains probably the cheapest port in the Gulf and is still based on the concept of a warehouse port.

Extension

The first four berths of a 22-berth extension project were handed over early in March by the contractors Costain and Taylor Woodrow, operating as a joint venture, with the whole extension due for completion by 1980. Two of the new berths are to have container cranes. The extension has been designed by Sir William Halcrow and Partners to allow room for an extension pier with a further 20 berths to be constructed. But a completely new port is being created only 20 km. down the coast at Jebel Ali, the site of Dubai's aluminium smelter and other industrial projects. Five deep water berths are already under construction and more are projected though the final number of berths has not been concluded. The port construction is in the haods of a joint venture of Stevin and Balfour Beatty and the consultants are Halcrows.

Dubai is facing increasing competition from the neighbouring Emirate of Sharjah, where the first container berths, complete with a container crane, were opened last year. A total of seven berths are planned for the first phase, with the work being carried out by Archosl, a consortium of Greek, German and Belgian contractors. At Khor Fakkan on the Gulf of Oman twn container berths are being built by Archirodon which will be able to accommodate the largest containerships afloat (57,000 d.w.t.) and will have the considerable advantage of saving ships the need to pass through the congested Straits of Hormuz. The berths are due for completion next year.



Handling cargo at Sharjah's Port Khalid.

Five general cargo berths and a roll-on/roll-off berth are being built at Mina Saqr in the Emirate of Ras al Khaimah for completion by the Archicat joint venture by 1978.

Abu Dhabi, the richest of the Emirates, has hitherto suffered a degree of port congestion (berthing delays are put at more than 30 days) while making use of Dubai for many of its imports. But ten new berths were opened last year bringing the port's capacity up to 16 berths, and a further 13 berths are under construction in a two-stage project, for completion by the end of the decade. In January, however, the Emirate announced that it was to build breakwaters allowing for the creation of a further 34 berths alongside the existing port at a cost of $630m. The first phase involved a contract of $85m. to Dong Ah Construction Industrial of South Korea. The consultants for both ports are Sir Alexander Gibb and Partners.

Abu Dhabi is also to build a new port at Jebel Dhanna to service the new industriat area being constructed there. The project is still at the design stage with 20 or more berths planned for commercial and industrial use.

Neighbouring Qatar has suffered some of the longest waiting times in the Gulf in the past year with ships waiting for up to 130 days last August and surcharges reaching 100 per cent. in some circumstances. By adopting a two-shift system handling has been increased by 50 per cent. since last June and capacity at Doha has now risen from four to six berths with two more under construction. Waiting time is now down to 40 days. Doha's needs were originally served by Umm Said, 45 km. down the coast, but with the development of an industrial centre there the port has been exclusively used for the fertiliser plant there, plus an oil loading facility. With a steel complex now being erected nine more berths are to be built by Penta Ocean Construction with Sir Alexander Gibb and Partners the consultants. There is also talk of building a new port at Alyah Island 15 km. north of Doha but final decisions have not been taken.

Further up the Gulf, Bahrain is expanding Mina Sulman with six new berths due for completion in 1979 and the construction of a further ten under consideration. Berthing delays are about 30 days. In Kuwait (waiting time 50 days for conference ships) the construction of seven berths to add to the existing five is out to tender, while the number of berths at Shuwaikh is being increased from 10 to 19 under a contract with Ali al Ghanem and Ali Sayegh, for which the consultants are Associated Marine Consultants of Amsterdam.

The Kuwait ports handle some of the traffic destined for Iraq, but the Iraqis are also expanding their own facilities. At Umm Qasr Toa Harbour Works of Japan is constructing four berths for handling gas, steel, sulphur and other commodities, and tenders for other berths are being considered. At Maaqal port at Basra the Japanese company Penta Ocean is constructing four new concrete quays to raise capacity from 1m. tons to 4.5m. tons per year. The first container handling facilities should begin to be operational later this year. Already waiting time is nil.

James Buxton

Ambitious expansion plans for the Suez Canal

THE SUEZ Canal is an article of faith in Egypt. It has been so since the 1956 natinnalisation and the refutation of the British claim that Egyptians could not run the waterway. With the second annivarsary of the re-opening apprnaching, the faith of thousands of employees who endured eight years of closure has paid off. The waterway is the most successful enterprise in Egypt, not only grossing $350m. a year but in some unaccountable way remaining divorced from and unaffected by the chaos which colours most sectors of the economy and most aspects of life in Egypt.

The Suez Canal Authority, with its headquarters in Ismailia functions with a confidence unusual in Egypt. The eight-story SCA building looking out on Lake Timsah bustles with the relaxed activity which could only come from a high degree of motivation among the employees. Ismailia reflects a sense of well-being, and it is interesting to note that this canal city was one of the few large towns in Egypt unaffected by the rioting of January 18-19.

Since it opened in June, 1975, more than 26,000 vessels have used the waterway, and currently more than 50 ships a month are bringing in almost $30m. When Mr. Mashour Ahmed Mashour, Chairman of the Suez Canal Authority, fixed the toll structure two years ago he was aiming at attracting back the oil traffic which has been passing round South Africa since the late 1960s.

Economies

To some extent he has succeeded, but the economies of scale in the very large and ultra-large crude carriers have totally altered the nature of oil movements from the Gulf to Western Europe. To-day more than 60 per cent. of Canal traffic is dry cargo of one sort or another, while tankers, laden and in ballast, account for less than 40 per cent. of the revenue. Since tanker traffic is not going to change to fit the canal, the waterway must change to suit the tankers.

Two confidential studies have just been completed by British and French groups which will confirm the estimates of the optimum expansion of the waterway both from the technical and financial points of view. According to these findings completion of widening and deepening operation to a draught of 53 feet, work for which has been underway for almost a year, should attract sufficient new traffic to double revenues. The later stage of 67 feet draught should treble current revenue levels.

Use of a computer-based model for this enormously complicated calculation confirmed what the SCA was already fairly sure of, that the waterway must go up to the full 67 feet to optimise economic potential by taking tankers up to 250,000 tons fully laden and the rest of the world's tanker fleet in ballast.

The 53 feet first stage expansion is being attacked from a number of angles. Work in the north is being done on the soft mud by the Authority's own dredging fleet. The more technically difficult dredging work in the southern approaches to Suez City is being carried out by an Italian company, Viennini, while Pentaocean, the Japanese combine, is struggling through the formidable task of cutting the hard rock in the southern, middle and lake sections of the canal.

In the south and north more than half the dry excavation and earthmoving work has been completed by Egyptian contractors. The by-pass dyke which has to be built before the Port Said dual waterway section can be built, has been started. Despite slow progress in the rock-cutting sections which Pentaocean is handling people are confident that the first stage will be completed on schedule in 1979.

Development of this kind is extremely expensive. The three-year development programme is to cost the SCA $600m. in hard currency and a further $400m. in Egyptian pounds. A generous loan was provided by the Japanese Government of $140m., which at 2 per cent. interest and seven years grace is almost a gift. While Japanese interests are being served by an agreement that this money will be spent on Japanese contracting work, one of the matters concerning canal officials is that so far European nations, which stand to benefit directly from the Suez Canal development in the form of cheaper energy, have so far avoided Government level assistance.

Mr. Mashour is hoping to find new loans to cover the remainder of the hard currency budget, and there is a justifiable hope for a further $80m. from Japan and more from other nations once a World Bank mission, due shortly, is completed. The World Bank seal of approval would coax more money out of Arab governments, officials believe.

The most significant new traffic development has been the substantial increase in numbers of container ships folowing settlement of a long dispute between the SCA and the container lines. Since the surcharge on container vessels was dropped on January 1, 1977 from 10 per cent. to 5 per cent., three large container lines have dropped their virtual boycott of the canal in protest against the high surcharge. Scandutch, Trio Lines and Overseas Containers are now using the Suez Canal, and container tonnage has almost doubled.

In February container tonnage topped 1.3m. and in March is likely to exceed 1.5m. tons. Meanwhile oil tanker tonnage has tailed off slightly after the boom in crude oil traffic in the run-up period to the Doha meeting of the Organisation of Oil Exporting Countries (OPEC). In that period oil tankers registered more than 8m. Suez Canal net tons either laden or in ballast, a figure which dropped off to less than 6.5m. sent in February.

While medium- and long-term expansion plans are aimed at the huge tanker market, container ships are very important in the short term. It was only after measurements were made by SCA officials over a long period on all three generations of container ship that it was discovered that third generation three-tier vessels could economically use the canal with this reduction of the surcharge. Three-tier containers alone will increase canal revenues by $20m., it is estimated.

As far as technical developments go officials are now concentrating on the selection of the latest sophisticated systems of navigational control. Contenders for the navigation equipment contract come from Britain (Decca), France (Thomson), Germany (the Kiel Canal Navigation System), as well as Japan and the U.S. for Port Said, Suez and the bitter lakes.

Since the canal was opened again a new element has been introduced into calculations for future expansion, the oil pipeline from Suez to the Mediterranean, test runs of which have now been completed. There is no question of these two competing ways of transporting oil doing damage to the other in terms of oil volume—the Sumed pipeline's 80m. ton capacity is tiny compared to the capacity of the Suez Canal after expansion.

Absurd

But both the SCA and the Sumed authorities have discreetly recognised that the pricing policy of each will affect the other—and a price war would be patently absurd. However, the joint commission of the two organisations has so far done little to come to grips with what will become an important issue in two or three years.

There is little danger, despite the malaise of the Egyptian economy, that currency starvation will affect the development of the Suez Canal. Local budgets are guaranteed by the SCA's forceful argument to the Government that any cutback on expenditure would result in an immediate reduction in the country's best sources of hard currency earnings. Foreign currency must come from loans, but because of the credit-worthiness of the waterway these should not be in short supply. It is this which is the basis of the confidence and self-assuredness of the Suez Canal Authority as a body, and its employees as individuals. As one official suggested: "they know they have the best thing going in Egypt."

Michael Tingay

More attention must be paid to training

THE FUTURE development of the Arab fleet will not be hampered by either the lack of finance or the lack of cargo. But if any single factor is to slow down the establishment of a successful shipping industry in the Arab countries it could be the lack of trained manpower.

The human element is probably the most important dimension in the expansion of the Arab marine, for in the other two major areas which are vital to development—cargo and finance—the Arabs can claim justifiably to have abundant resources. Proponents of the development of Arab shipping are fond of quoting the statistic that the Arabs themselves carry less than 5 per cent. of their total International trade, and they are fully aware of the terms of the United Nations Conference on Trade and Development (UNCTAD) code of conduct which would legitimately allow them a far greater share of the trade, possibly as high as 40 per cent.

Target

It is fully understood that such a target cannot be accomplished overnight and there is a growing lobby in the Arab maritime world which accepts that the real challenge which faces the embryonic industry is the recruitment of the necessary manpower and the creation of methods by which they can be properly educated and trained for a seafaring career.

It was decided more than eight years ago that the newly established Arab shipping companies should ultimately be managed and operated by Arab nations, but the process of achieving this goal is proving to be long and drawn-out and there are clearly rivalries and clashes of opinion within the Arab world as to the best way of organising the fleet without wasteful duplication.

A mission sponsored by the inter-governmental Maritime Consultative Organisation (IMCO) and UNCTAD visited a number of Arab countries in 1970 and concluded that without an efficient facility for training Arab manpower, all efforts for developing the Arab fleets would be fruitless. Based on their report the Arab Maritime Transport Academy was established in Alexandria in 1972 with the technical assistance of IMCO for the training of seafarers and shore-based personnel.

Two more Maritime Institutes have since been established, one in Algiers with the technical assistance of IMCO and the second in Basra, Iraq, within the Iraqi Naval Training Establishment. IMCO is currently conducting a study for Arab OPEC (Organisation of Petroleum Exporting Countries) of the prospects for setting up more academies at Jeddah, Saudi Arabia and Dohar/Qatar. According to Commodore G. Moukhtar, director general of the Academy in Alexandria, the training pattern set down by IMCO was "unique and far-sighted. It envisaged catering for the integrated human needs of the future Arab fleets. The Academy was planned to train seafarers as well as shore-based personnel, for the two faces of the same coin—shipping and ports."

Seafaring handled by the Academy includes deck, engine room and radio and electronic training to the highest level of competency certificates. Ratings can be trained in all specialised branches, and the Academy also offers in conjunction with UNCTAD two diplomas, in shipping with options in shipping and ports or maritime law.

Because the Arabs are acquiring some of the most sophisticated ships, including gas carriers (LNGs) and super tankers (VLCCs), the Academy's board of directors has adopted a policy of implementing up-to-date programmes to cope with modern technology. Strong relationships have been established with many international maritime organisations, and contacts have been made with colleges and institutes in advanced maritime countries in order to gain from their experience and to exchange curricula and training schemes for keeping Arab intructors abreast of current developments.

The number of students attending the Academy has risen from 743 in 1972 to 1,572 in 1975-76, and this year it is expected to rise to some 1,600. In the radio and electronics department 45 cadets attend regular courses which qualify them to work as radio officers and radar and electronic navigation equipment maintenance officers on board ships. More than 370 seamen have gone through the specialised training courses at Alexandria, and late last year an agreement was signed with the Japan International Co-operation Agency to extend technical assistance, and Japanese experts will help in developing new courses.

The Japanese Government is also to provide the centre with modern training equipment, and Arab instructors are to receive training in Japan.

International co-operation is considered to be vital to the future success of the Academy, but it still faces formidable problems. One of the major difficulties is the language barrier which confronts all students since English has been accepted as the common language for communications at sea. Text-books and publications used in most Arab fleets are in English, and would-be Arab seafarers face the prospect of having to master the English language and become proficient in its use, a goal which is far from being accomplished. Students are not yet proficient in English and there is only a small percentage of the Academy's lecturers who can successfully deliver all their lectures in English. About one-third of the lecturers are on fellowships in the U.S. and Britain, and the Alexandria Academy has been co-operating with the British Consulate in the city for the development of language laboratory facilities.

Diverse

Another problem facing the training establishments is the diverse backgrounds from which the students come to the academies. Aptitudes vary widely and there is considerable difficulty in implementing a common programme. To overcome this an acceptance examination is being designed that will provide a common, uniform yardstick for measuring standards and students will be up-graded in the areas of English and science before enrolment.

Despite the beginning of co-operation with advanced maritime countries, the academies are finding it difficult to acquire and maintain the necessary sophisticated training aids and simulators. Modern training aids need huge funds to keep them in good condition and great skill to operate. Proper maintenance is not easy to carry out. In Britain or Japan, if a radar simulator, for example, develops a fault, an efficient technician or engineer from the maker's factory can assist quickly in repairing it. Such facilities are clearly not available in Alexandria or Basra.

Thorny

Practical training at sea for cadets has also proved to be a thorny problem, with constant difficulties being met in attempts to place cadets on training ships. Cadets have sometimes been kept waiting ashore for long periods before placements could be arranged, and correspondence with cadets undergoing training at sea has proved to be irregular and ineffective. A study is now taking place to ascertain sea-training requirements, and on this basis funds will be sought from Arab OPEC and other organisations for the purchase of training ships for both short periods and longer sea service necessary for competency certificates. Attempts are being made meanwhile to place cadets with Arab shipping companies and foreign ships, but enormous language problems are encountered when Arab cadets are placed on ships where crews are predominantly Asian.

Another block to the ambitions of the young Arab shipping industry is encountered in the social aspirations of applicants. Commodore Moukhtar says that young Arab men are ambitious to get a recognised science degree after their four to five years of maritime training and education. The master's certificate is not enough.

To cater for what are con-

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Slow growth in tonnage

THERE HAS BEEN much puzzlement and scratching of heads in Europe about Arab shipping over the past 18 months. Many Middle Eastern States had previously announced development plans based on cargo preference policies which created wide expectations of a rapid build-up of Arab fleets, particularly of oil tankers and products carriers. Independent tanker owners in Europe, financially squeezed by the tanker surplus steeled themselves for the arrival of a major new operating group whose commercial threat they were in no position to confront, while order-hungry shipyards looked hopefully for a wave of contracts which might make some contribution to seeing them through the current period of chronic over-capacity.

Little more than 12 months ago, Arab spokesmen continued to feel the general air of expectation. At a Financial Times conference in Kuwait, Mr. Abdul Aziz Al-Sagar, chairman of the Kuwait Tanker Company, pronounced that "the current crisis in the field of transport could be a unique opportunity for the oil-producing countries to strengthen their tanker fleet at a very good and tempting price indeed." Certainly the opportunity was there and is still there, but equally certainly the Arab nations as a whole have shown no inclination to grasp it. Apart from taking delivery of vessels ordered in 1973 and 1974 when shipbuilding prices were at or near their peak, the Arabs have more or less sat on their hands. There has been some activity in the sale and purchase market, but not much. Brokers have reported that during the past year Algeria bought five vessels, one a 140,000 d.w.t. oil tanker and the remainder 30,000 d.w.t. products carriers. Saudi Arabia acquired three products carriers and two 50,000 d.w.t. tankers.

Irony

Kuwait ordered six dry cargo vessels from the U.K. and Iran five from Japan, but there were virtually no other surprises from the rest of the Arab world. The conclusion being drawn is that, at least up to 1980, the Arab impact on world shipping will be of far less significance than was predicted only two or three years ago.

Most observers agree that this inactivity is largely explained by the depressed state of tanker shipping. It is an irony, which in Europe many would not wish otherwise, that many Arab states have not been able to shelter any more effectively from the tanker surplus than the hard pressed independents. This would seem to imply a deficiency in Arab policy which was to some extent reflected last year by Mr. Abdu Rahman al Sultan, managing director of the Arab Maritime Petroleum Transport Company, a major pan-Arab joint venture, half of whose tanker fleet of 1.4m. d.w.t. was laid up in the first half of last year.

Mr. Rahman is reported as complaining that his company was being stifled at birth by the oil majors. He is believed to have followed this with an appeal for at least 10 per cent. of Arab oil exports to be carried by Arab flagships. Such an appeal might not have been expected to fall on deaf ears, but publicly there has been little tangible result. This raises a question about the priority which many Arab states are prepared, at this stage of development, to give to shipping. Broadly, the view in Europe is that the priority is not as high as official Arab spokesmen might suggest, and that it will not be changed for as long as the oil tanker market stays chronically depressed. The argument goes that a very large proportion of oil wealth is already committed to various development projects and that, given the state of the tanker market, shipping is a weak competitor for resources.

There must now be serious doubt as to whether the Middle Eastern states will build up their fleets to such an extent that they can secure a measure of control over the transport of their oil and oil products during the next ten years. The existing tanker fleet belonging to Iran, Iraq, Qatar, Kuwait, Saudi Arabia and the United Arab Emirates amounts to 63 vessels totalling 7.8m. dwt. Over the next two or three years this will be increased by deliveries of ten ships totalling 2.1m. dwt. But according to a recent study by HP Drewry* 69m. dwt. would have been required to have transported 40 per cent. of the Gulf States' oil production in 1975 and 112m. dwt. will be needed for 40 per cent. of estimated production in 1980. With increases to the tanker fleet which are known to be scheduled, this leaves a shortfall in 1980 of 102m. dwt. Alternatively, the Gulf States' fleet in 1975 had the capacity to carry 5 per cent of crude oil production and, on present trends, it will manage 4 per cent. in 1980. Drewry estimates that the cost of acquiring a fleet able to transport 40 per cent. of 1980 production at more than $11bn. Examining dry cargo shipping, Drewry estimates that the existing fleet in the Gulf could have managed no more than 6 per cent. of imports and that there was, therefore a net requirement of 8.7m. dwt. if the 40 per cent. was to have been reached. Looking ahead to 1980, Drewry forecasts a net requirement of 10.6m. dwt. which would cost arount $6bn. to acquire.

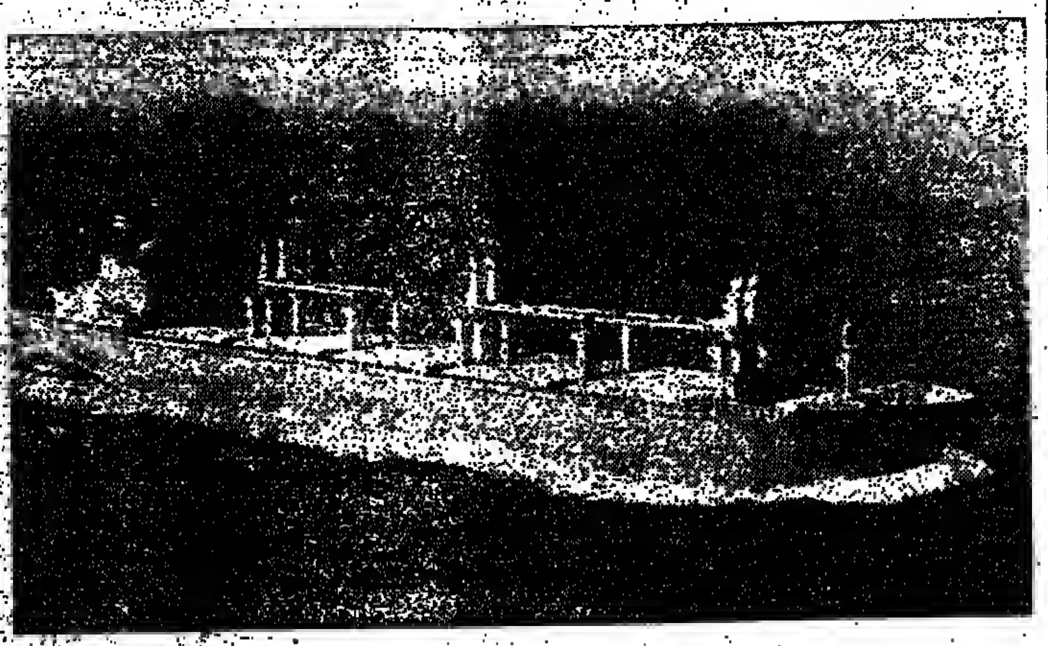
Projections

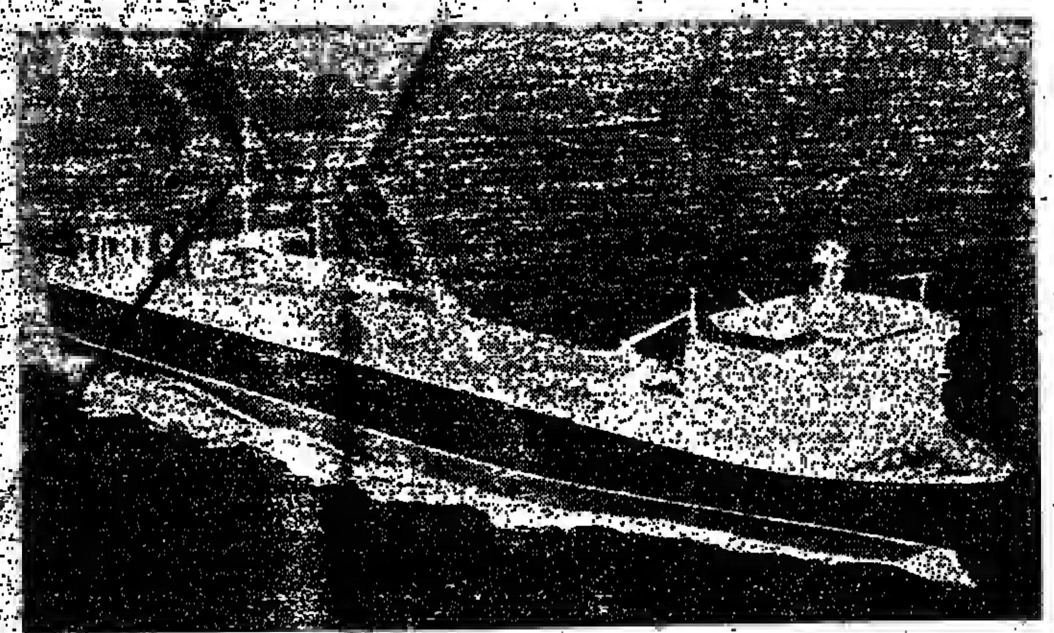
Making these kind of projections is, of course, to take the Arabs at their word—indeed Drewry says that the cost of building a fleet for 40 per cent. cargo participation could be covered by about half of one year's surplus revenues among all the OPEC countries. Moreover any realistic projection of Arab shipping growth must take into account the very real constraint imposed by a shortage of trained manpower.

Looking at what is, rather than what might be, there have been two notable shipping developments over the past year involving Middle Eastern states. The first, the formation of the United Arab Shipping Company (UASC), was a significant step forward in Arab joint ventures and drew its impetus from the most dynamic of shipping states in the Gulf, Kuwait. Initially, the UASC is the Kuwait Shipping Company (the Middle East's largest dry cargo operator) under another name. As well as Kuwait, the joint venture involves Saudi Arabia, Iraq, Qatar, the United Arab Emirates and Bahrain. UASC's aim is to operate regular dry cargo services between Arab and international ports, and in pursuit of this it will almost certainly diversify into roll-on roll-off, container, bulk and the carriage of imported vehicles. Kuwait is also involved in dry cargo joint ventures with the Shipping Corporation of India, and with Iraq, Libya and Egypt it participates in the Compagnie pour la Navigation Arabe, which will operate five small refrigerated cargo ships. Also planned is a venture with Egypt to acquire four 30,000 dwt wheat carriers.

* The involvement of Oil Exporting Countries in International Shipping. No. 45 in a series, published by H. P. Drewry (Shipping Consultants) Ltd., London.

John Wyles





Above: A fully cellular container vessel Troll Forest, operated between Europe and the Middle East by Scandinavian Middle East Line (SCANMEL). Below: Seaspeed Arabia, a Seaspeed Ferries roll-on/roll-off vessel which operates on Japan-Middle East-U.S. routes.

Training CONTINUED FROM PREVIOUS PAGE

sidered the legitimate academic needs of the younger Arab generation as well as their professional needs, the Arab Maritime Transport Academies are designing a new course in collaboration with the Maritime College, New York University, to provide a BSc for talented cadets. This will be in one of the marine specialisations such as engineering, economics, administration of marine transportation and electronics.

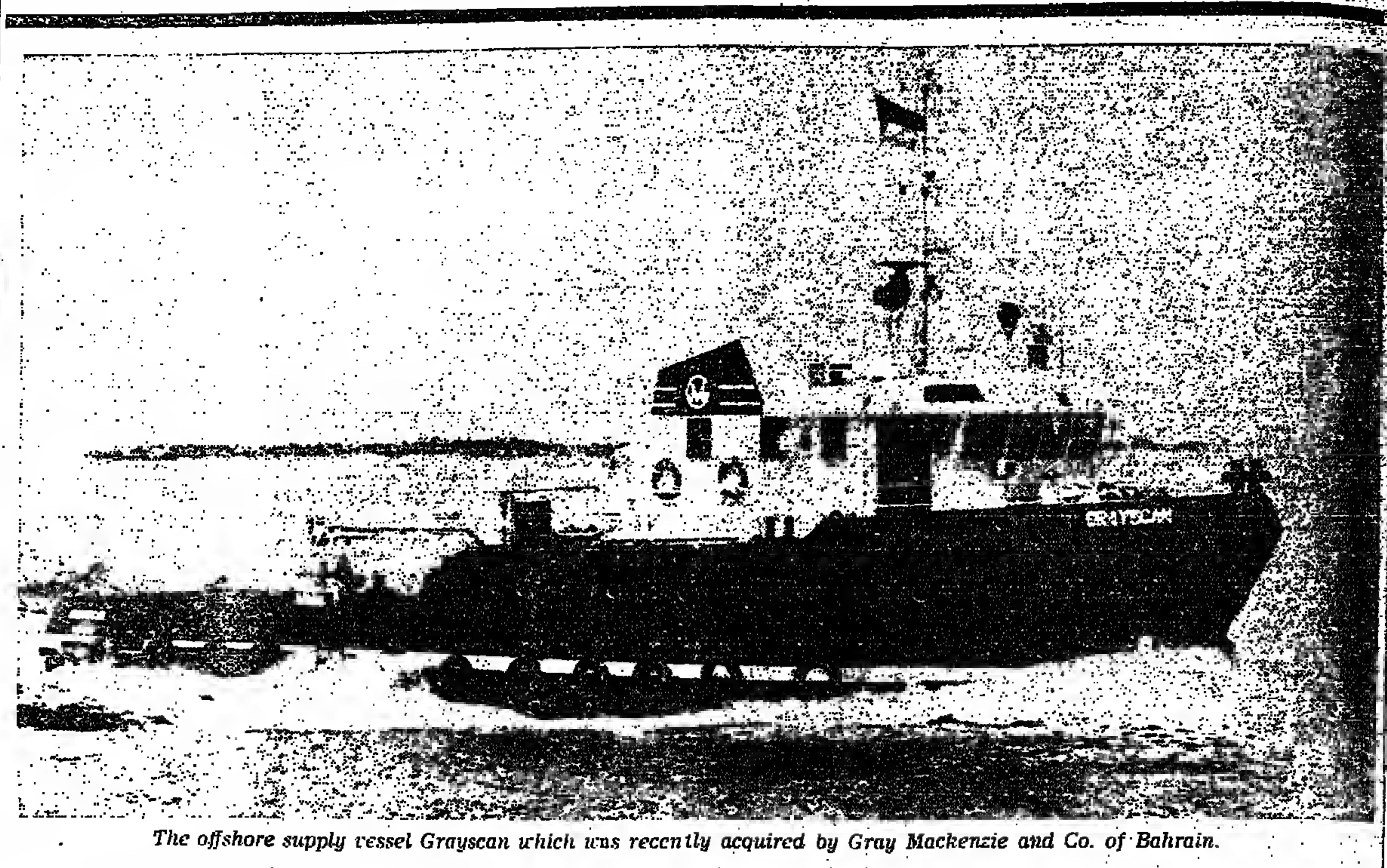
But beyond the details of training programme and curricula the academics are playing their part in trying to evolve a long-term maritime strategy for the Arab fleets. This calls for the integration of the main elements of the Arab maritime industry on a global scale to avoid duplication and wasteful rivalry. This integration must place great emphasis, according to Commodore Moukhtar, on bringing together the very diverse input of Arab manpower.

For the transfer of technology from the developed to the developing countries Mr. Moukhtar is advocating joint ventures as the best method of giving benefit to both sides of the maritime industry. This would be particularly popular in the area of the operation and management of gas carriers and tankers. The lack of places for practical sea-training has given some urgency to the academies' attempts to acquire their own training ships on Japanese and Russian lines.

But perhaps the greatest challenge facing the educators in Arab shipping is the establishment of the right atmosphere that will foster the development of a seafaring community, in countries where such a community has either never existed or where it has lain dormant for many decades.

Lip-service is paid in many of the potential Arab shipping countries to the concepts of establishing a pan-Arab shipping industry, but national and sub-regional rivalries still prevail. There is a lack of cohesion and national lines continue in existence at the same time as co-operative ventures are set up by changing groupings of countries and companies. At such an early stage of its development the Arab maritime industry cannot afford the luxury of duplication, argue the academics, if the Arab fleet is to grow in the next few years through the attraction of an increasing proportion of Arab sailors to the merchant marine.

Kevin Done



The offshore supply vessel Grayscan which was recently acquired by Gray Mackenzie and Co. of Bahrain.

Agencies respond to greater demands

MANY YEARS before the flow of nil frnm the fields of the members of the Organisation nf Pelrnleum Exporting Countries (OPEC) reached noticeable prn-portions, there were shipping agencies in the Red Sea and the Gulf to take care of the arraogements of vessels unloading cargo and passengers, usually for transhipment onwards to India, the Far East, Australia aod New Zealand.

By the middle of the 19th century the principal agency activity in the Middle East had become inextricably linked with ocean shipping, the direct nffspring of the early days attending the growth of the British India Company and the Ellerman Bucknall Lines.

Early developments in the Middle East Area were very much concerned with trading. Lloyd's agency work and the provisinn of storing and chandlery facilities. At the beginning of the 20th century there was a lack of ports and deepwater herths serviog the Arab world, so that the only alternative was the use of sea or river transport for off-loading duties and cargo distributinn.

To improve port facilities Gray Mackenzie, a member of the Inchcape Group, developed a local lighterage and craft fleet to service ocean shipping and trading in the Gulf. From such small but essential services stemmed the agency company that now handles 50 per cent. nf all tankers entering the Gulf, excluding those tankers bound for terminals where their own facilities are adequate.

One of the most popular services operated by Gray Mackeozie is the Grayswift Tanker Service hased at Ras al Khaimah and operated from Dnbai. Fast personnel launches are available rouod the clock to transfer crew, mail, machinery spares, provisinns, bnnded stores and a vessel's complete lauodry requirements.

One of the features of Arah port development has been the growth in the number of deepwater berths, and as a result the Gray Mackenzie lighlerage and ocean-going tug fleet (20 vessels) is being used in services to new construction projects heing undertaken at a distance frnm the usual port facilities and for the transport of pipes and equipment for oil drilling operations.

Documents

Agency work in the modern context means much oiore thao providing stores and arranging for berths and documeots. Gray Mackenzie is used as consultant for several major port developments in the Middle East and does, in fact, provide management services at such ports as Duhai (Port Rashid) and the new port of Ras al Kaimah.

At nearly all ports in the Middle East Gray Mackeozie performs the office of the Lloyd's Agent, and the company's involvement in the area also cnvers ship-repairing hy the wholly-owoed Bahrain Slipway Company, where vessels of up to 1,000 tons are repaired and marine engineering facilities are available.

Fnr companies like Gray Mackenzie, familiar with Arab philosophy and attitudes, the slow development of Arab national shipping interests poses no problems, and within the group's activities several companies are already part-owoed by Arab interests.

A good agent anywhere makes sure that communications are a priority, and the offices of Yusuf bin Ahmed Kanoo, the Gulf agents, with headqoarters at Bahrain, are linked to the world hy telex and satellite radio-telephone communicatioos. Kanoo has wide experience in the movement of cargo of all kinds, particularly complete refineries aod electrical power projecls. Launches based at Ras Tanura, Dammam, Bahrain and Dubai serve vessels lying offshore, and complete ship crew changes are made usiog the principal Arab airports.

There is always a demand for marine workship facilities, and these are provided hy an associaled Kanoo company, Bahraio Ship Repairing Engineering, which supplies mobile squads fnr "in situ" operations. Another company, Aeradio Technical Services, maintains a comprehensive repair and maintenance service for gyrn compasses, radar, radin and all ship and airhorne electronic equipment.

Aircargo operations require careful cootrol if they are to he successful, and by grouping and consolidating shipments Kanno can improve the cnst effectiveness of this kind of transport. Wbere speed is vital Kanoo organises the utilisation of part or full-chartered cargo aircraft. The company acts as haodling ageots for mnst of the aircraft calling at Dhahran aod Bahrain airpnrts. Important spares for ships and marine machinery are quickly flown lo direct from lbe manufacturer.

Kanoo's offices are located in Bahrain, the United Arah Emirates, Saudi Arabia aod Omao (and Europe) and offer cnmprehensive agecoy and cargo handling services iocluding travel agenls, tug and barge operalors and insurance.

For the Gulf Agency Company the Middle East has proved a rewarding area of nperalion, and GAC coipanies are nnw heavily engaged in ships' agency work, cleariog and forwardiog, stevedoring, road haulage, travel, marine contracting and ship servicing. Managed largely by Swedish nationals, GAC has prominent local natinoal partners in all companies with European nationals as managing directors, maoagers and assistant managers.

To be effective, agencies must maintain offices in all the main ports and GAC maintains offices in virtually every port in the Gulf, as well as in Lebanon, Syria, Turkey and Cyprus. The only exceptions are Qatar and Iraq, where there are Stale Agencies.

Time

Time is nsually vital to shipowners under normal trading conditions when a gnod ship supply service includes crew changes and the transfer nf stores aod spares from ships to shore tender without deviation from cnurse or sinppiog. At Dubai, GAC operates a ship service at any position along meridian 55 degrees East. Between 24 and 48 hours before arrival aloog meridian 55 degrees East an estimated time nf arrival is sent to Dnbai via Bahrain radio, and the GAC supply craft can come alongside with the cuslnmer's vessel making about 5 to 8 knots. GAC 17-knot supply craft are 65 feet in leogth, with space for 49 passengers aod ahnut five tons of cargo. At no time does the supply craft fasten a line to lhe ship being serviced and details nf leeway and relative speed between the two vessels are agreed hy radin telephnne.

A supply helicopter is also nperaled from Duhai by GAC, and this machine, a Bell-type 206B, can take up to fnur passengers and 50 lbs of freight nr just 800 lbs of freight. This craft has an operational radius of 100 nautical miles.

Within the walers of the Arab countries marine contracting and lighterage services represent a major part of all agency operations. GAC-Iran operates two small cargo vessels, ten tugs raoging in power from 100 to 1,258 bhp, 26 flat top barges (wilh capacities from 300 to 3,000 tons) and 17 hatched harges with a capacity range of 250 to 500 tons.

In co-operatioo with a local diving company GAC nffers a wide range nf nnderwater wnrk on vessels, including inspection, repairs, hull cleaning, salvage, drilling, cutting and welding. The cleaning of machinery on hoard ship is carried out by Gulf Lux Marioe Services, ooe of GAC's associated technical service companies. Gulf Lux was formed in co-operatioo with Messrs. Galadari Brothers, Duhai, and two Swedish companies, ElecIrolux and Götaverken. Cleaniog teams join the ship via the GAC supply vessel and leave again when the ship is outward bound.

There are many soiall agencies serving the shipping companies operating in the Middle East area and Canal Shipping Agencies, for example operate in the ports of the Suez Canal area. Most of the Arab shipping cnmpanies nperate, if required, as agents for non-Arab cnmpaoies. In Damman there are the nffices of the three large agencies, but there is also the Saudi Arabian Industrial and Trading Establishment (SAITE). Similarly in Dubai and Sharjah there is Gulf Tainer Ageocies. In Doba the Qatar Navigation Co. and in Kuwait the International Shipping Agency.

As the ports in the Gulf expand the throughput of seafarers iocreases, and there is a grnwing need fnr places where the seafarer can enjoy facilities for physical and mental recreation. Dubai is a good example of a large expanding port where many seafarers pass through fnr crew changes, and the Ruler of Dubai, Shaikh Rashid bin Sa'id Al Maktoum has made available to the Missions of Seaoien aod the Apostleship of the Sea a building which is beiog converted intn a seafarers' ceotre. Gray Mackenzie has beeo active in helpiog the Missioos to Seamen and the Apostleship of the Sea to raise the finance to provide the much needed facilities in the new ceotre. Agencies, particularly the larger ones, are also concerned with people and part of their work relates to the mnvement of ships' crews of all natinnalities.

At Duhai the Gulf Agency Company represents the Scandinavian Seamen's Welfare nrganisation and is able to supply Danish, Norwegian and Swedish films for exchange when vessels call at the port or use the company's supply service. The popular Walport film boxes can also be exchaoged and Nnrwegian library sets can also be supplied.

W. D. Ewart
Editor, Fairplay International

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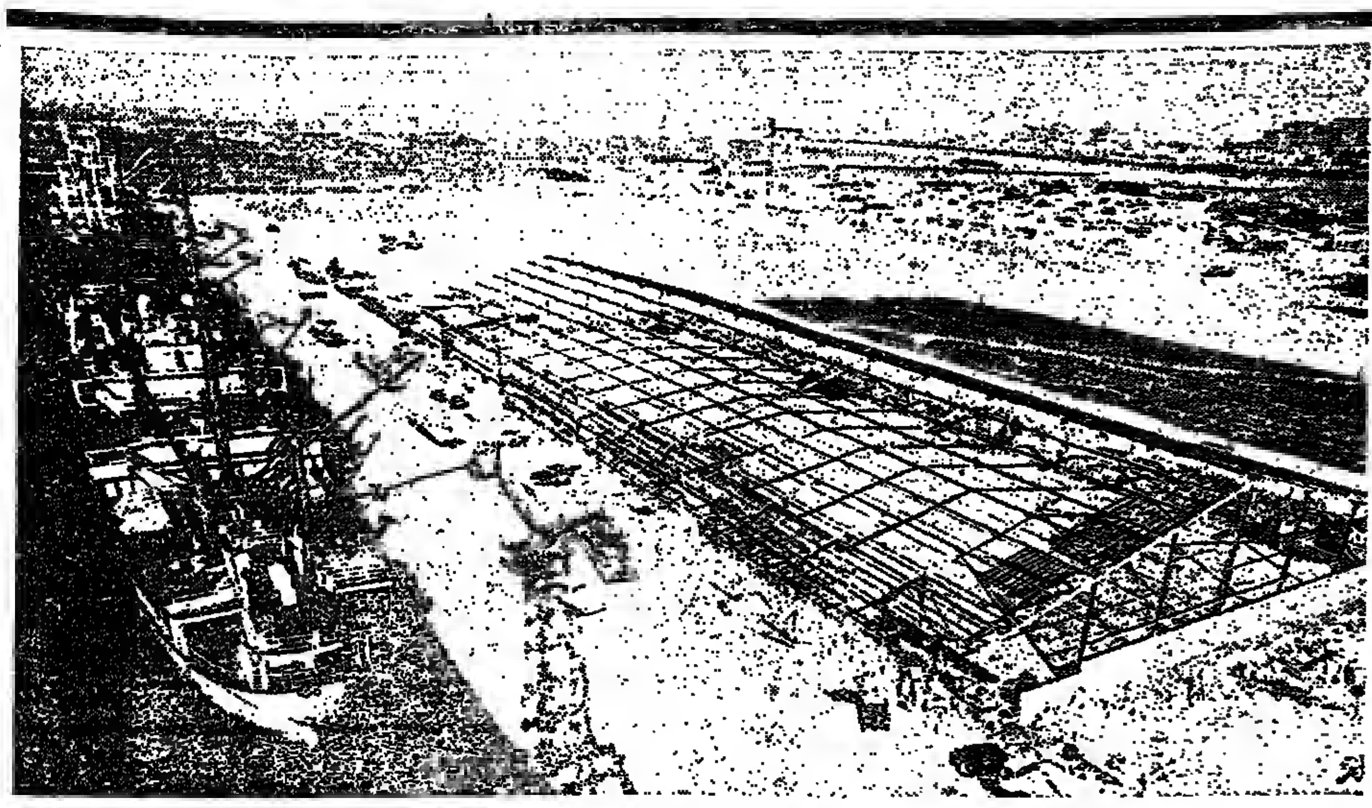
ARAB SHIPPING AND PORTS VII



A berth at Port Khalid, Sharjah. The berth transit shed is under construction. A further 13 conventional berths are under construction or planned.

The battle to beat congestion

WHILE PORT congestion has clearly been an expensive phenomenon for the Arab countries and has substantially boosted their transport costs, there is a view that it has been of an incalculable benefit to the international shipping community whose members have sat comfortably back and watched the demurrage payments roll in.

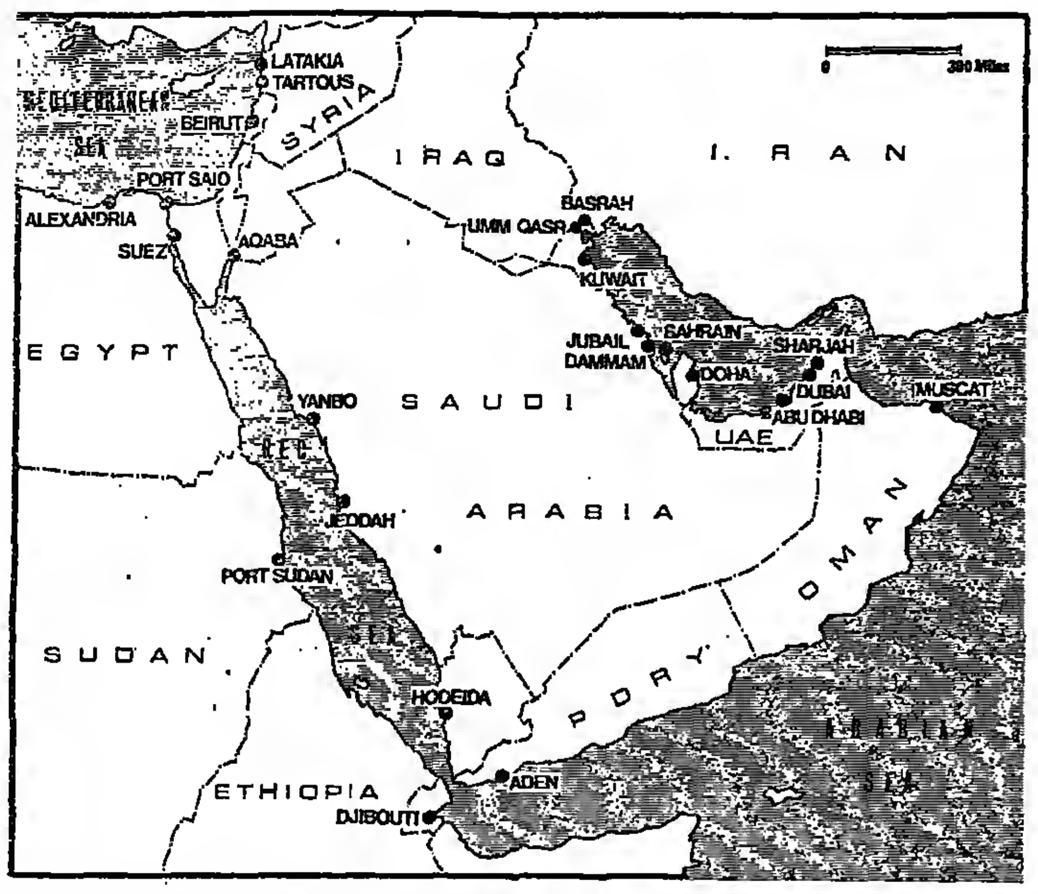
The point was neatly summarised by Mr. Eric Williamson, chief of the Ports Section of UNCTAD, who told a London shipping conference recently that more concerted efforts would have been taken to solve the bad cases of port congestion around the world, if everybody involved really suffered from its consequences. "What about the shipowners who have been able to continue to earn money—through demurrage or extended time charters—from ships which might otherwise have had to be laid up or scrapped?" he asked.

Mr. Williamson went on: "Port congestion has effectively buffered shipowners from the worst effects of the economic recession during the past two years. Shipping and forwarding agents and import/export agents who work on percentage commissions tend to earn more when freight surcharges have to be imposed. Stevedoring companies see in a continuous queue of ships waiting to be discharged or loaded the possibility of higher profits, and dockworkers see a guarantee of high wages through overtime working. Finally once a port becomes really congested, delays to which ships and cargo become subject create a situation of which the unscrupulous can take considerable advantage."

Mr. Williamson was not, of course, making any specific reference to Arab ports and his argument is not a new one. Moreover, it ignores the very real contribution shipping has made to easing the congestion problem. While it is certainly true that many shipping companies have been more than happy to cash in on port congestion in the Middle East, many more responsible operators have exercised judgment and capital to produce partial solutions to the problem.

Naturally, the commercial incentive to take the investment risks has been provided by the prospects of profits to be made by the maximum possible use of vessels which can be in service for the longest possible time. Broadly, these ships have either been container or roll-on roll-off, or a mixture of the two. However, the congestion beaters have not been drawn exclusively from these categories.

Sequana Maritime, for example, has been running a very successful service from Sheerness to the Middle East based on the LASH (Lighter Aboard Ship) system. This involves a mother ship capable of carrying up to 89 fully loaded barges which are floated off at the port of destination to go alongside quays which are inaccessible to ocean-going vessels. The average discharge time for LASH barges is 10-14 days from the mother vessel's arrival.



But for the shipping analyst, the real conceptual battle being fought in the Middle East is between the roll-on roll-off and the container ship. The argument is still raging fiercely and is being fuelled to some extent by the evident easing of congestion in such key ports as Jeddah and Dammam.

The supporters of the container ship argue that the roll-on roll-off ship has satisfied a particular need—the speedy discharge of cargo at ports which have lacked sophisticated equipment and berthing space for general cargo and container ships. But, it is argued, roll-on roll-off must give way to the superior economics of containers once these deficiencies are put right. Most of the major Gulf and Red Sea ports are planning container berths and associated facilities and one common user terminal has already been established at Sharjah.

Argument

The economic arguments in favour of container ships is that they utilise the available shipboard accommodation more efficiently since there are no wheeled trailers occupying valuable space. In addition, it is said that a dockside gantry crane which is shared by a lot of vessels must be inherently more economic than self-discharging systems of any kind. The protagonists of roll-on/roll-off concede that the smaller, less sophisticated vessel may not be able to compete with the containership in the long term, but they argue that the real challenge is now being mounted by the larger vessels which are taking advantage of double stacking of containers and of lift-on/lift-off techniques to maximise their use of space.

These ships are extremely versatile and in addition to wheeled vehicles and trailers can take containers, flats and loose conventional cargoes on ship-only trailers. The three 21,700-ton ships currently being delivered to Seaspeed Ferries by Kawasaki Heavy Industries are also able to take 1,000-ton loads. Other modern vessels provide refrigerated capacity. The three Seaspeed vessels alone represent an investment of more than $100m. and the company is understandably anxious to stress that it intends to be a permanent presence in Middle East shipping.

Seaspeed, along with other operators wanting to underline that they are not fly-by-nights, has set up a dockside organisation in the shape of a stevedoring joint venture with a Saudi company. The aim is to ensure a rapid onward movement of cargoes away from the dockside and to ensure this several shipping companies are forming road haulage joint ventures with Saudi interests.

Latest to announce a "door-to-door" operational facility is the new Scandinavian Middle East Line (Scanmel). This is due to start operations on June 1 and has been formed by two companies which already have well established services to the Middle East—Swedens Brostrom Shipping Company and Norway's Wilh. Wilhelmsen.

Their service is really a development of an existing joint general cargo liner operation and will be based on four large container vessels. These will be fully cellular ships capable of carrying about 1,000 20-foot containers and will sail twice a month from Gothenburg, Hamburg, Bremerhaven, Tilbury and Rotterdam. Ports of discharge in the Middle East will be Dubai Dammam and Bandar Shahpour in Iran.

In a nicely understated announcement unveiling their new venture, Scanmel pointed out that "whereas sea transport to a Middle East port can to-day be arranged without problems, the discharge and oncarriage of the goods to the final destination sometimes involves shippers in unpleasant experiences." To stay competitive with other operators who are also trying to avoid "unpleasant experiences" for their shippers, Scanmel have placed exclusive contracts with local hauliers to guarantee the swift onward transport of cargoes.

Scanmel's service has raised some eyebrows among container operators to the Middle East who are now starting to voice anxieties about a saturation point being imminent in the container trades from Europe. P&O, Strath-Ellerman and Nedlloyd are other major operators who have recently appeared on the container scene and the number of services between European and Arab ports is now well past 40. Space in about 15,000 containers a month to the Middle East is on offer with more than 90 per cent. being carried by full container ships using either shipboard gear and/or stern ramps to unload their cargoes.

Pessimistic

Curiously, the rapid growth in container services is now giving rise to some pessimistic warnings from shipping experts about the implications for Middle East ports. The containership may produce the ultimate irony. Congestion has spawned a rash of port developments projects in the Middle East which will produce a massive increase in cargo handling capacity in an unprecedentedly brief period. The larger proportion of these developments is devoted to the provision of berths to handle general cargo in break bulk.

But if the trend to containers continues, developments which have taken ten years in Europe could be telescoped into a very much shorter time in the Arab world. In other words, scores of general cargo berths and transit sheds could become obsolete as soon as they are completed. This would be a tragic waste of money.

John Wyles

STOCK EXCHANGE REPORT

Markets featured by late buying of high-coupon Gilts

Equities lag with index 7.8 down at day's lowest of 419.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Mar. 14	Mar. 24	Mar. 25	Apr. 5
Mar. 28	Apr. 6	Apr. 7	Apr. 20
Apr. 12	Apr. 21	Apr. 22	May 3

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The improved scope after Tuesday's Budget for the downtrend in interest rates to resume was again the chief factor influencing sentiment in yesterday's stock markets where the trend in British Funds remained dominant. Quotations of the Funds were doing little more ahead of the announcement of the reduction in Minimum Lending Rate than consolidating the previous day's spectacular gains. In the afternoon, however, quotations of long-dated issues started to move ahead again but the real impetus was imparted in the late trade when rumours developed that a floating rate Government issue was in the offing which took prices of the high-coupon stocks up to 1½ better. Short-dated issues were overshadowed and closed with losses to ⅜ on profit-taking, having discounted the MLR fall and seeing little short-term incentive in view of the extent of the reduction. The Government Securities index furthered its four-year high by 0.17 to 70.96.

There was still no real buying enthusiasm for equities where the leaders went easier from the start and generally ended at the day's lowest with closing losses leaving the 30-share index 7.8 down at 419.4. Attempted rallies were half-hearted in the absence of any follow-through buying and profit-taking was particularly noticeable in shares which had been improving since late on Tuesday because of the Budget content. Second-line issues also attracted profit-taking, but numerous firm spots emerged on company trading statements, while there was further speculative demand for situation stocks. The trend to cheaper money helped Hire Purchase and Property shares to move against the general trend, but gains were usually slight. Overall, falls in FT-quoted equities outnumbered rises by 8-to-5, while the FT-Actuaries three main indices were all about 1 per cent. down.

Gilts dramatic

Gilt-edged had an eventful day which began with a Consolidation of Wednesday's sharp gains, a further good rise on the unexpected reduction in Minimum Lending Rate, a subsequent reaction ahead of the equally surprising announcement of a new medium tap issue and a final flourish among higher-coupon stocks in reply to the possibility of pending changes in the issue of conventional forms of Government securities. The result was contrasting trends at each end of the market with long high-coupon issues up as much as a further 1½ points and the shorts down a maximum of 7/16 as profit-taking followed the announcement of the £800m. of Treasury 9¾ per cent., 1982, which is to be issued at 97 but with only £15 to be paid on application. The scramble for high-coupon stocks late reflected the Government's decision to take statutory powers which, after consultation with various bodies, would allow the issue of a variable coupon stock linked to Treasury bill rate. It was thought that the cut of a full point in MLR was an attempt by the authorities to stabilise interest rate and thus permit them to reactive to-day the market-related formula.

An early reaction in the investment currency premium to 112½ per cent. aroused a demand, part of which again represented the need for investment in American securities, and the rate rallied to 114 per cent. for a rise of ½ on the day. Yesterday's SE conversion factor was 0.7079 (0.7086).

Leading Banks passed a rather quiet and uninteresting day. Midland, 285p, and National Westminster, 240p, both ended 3 dearer, but Barclays gave up that amount, at 264p. In contrast, Overseas issues traded firmly with Bank of New South Wales rising 10 to 425p and Commercial of Australia 9 to 247p, while in Merchant issues, Press comment helped to stimulate interest in Guinness Peat, which moved up 10 to 168p.

Among Insurances, Pearl, 202p, Legal and General, 123p, and Prudential, 123p, all eased a few pence more following their respective results. In Brokers, Minet attracted buyers at 182p, but Willis Faber gave up 4 at 256p after recent firmness on the preliminary figures.

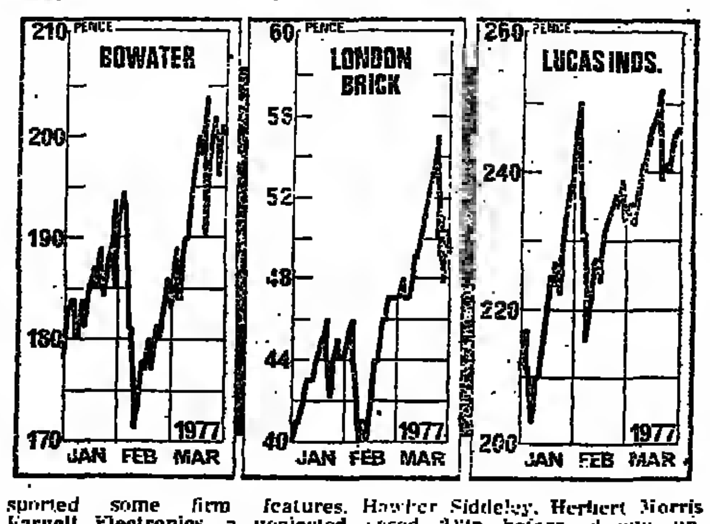
Breweries suffered a late mark-down on news that the Price Commission's investigation into beer prices is to include net profit margins of licensed premises and the results from a report on soft drinks and mixers. Allied, at 72p, gave up half of the previous day's gain of 4, while Scottish and Newcastle, 54p, and Whitbread A, 74½p, both closed 2 cheaper. Distillery concerns had A. Bell 2 easier at 208p and Distillers 3 down at 132p.

Buildings passed a quieter session. Nevertheless there were a few modest features, Taylor Woodrow meeting with further demand ahead of next Wednesday's results and gaining 6 more to 308p. The increased dividend and profits, however, failed to help London Brick, which eased 1½ to 49p. Still reflecting the lower profits, Tilbury Contracting gave up 2 more to 238p. On the other hand, Mixconcrete, 52p, and Brown and Jackson, 47½p, both firmed around 2 following their results. APC gave up 4 to 184p in line with other leaders.

ICI drifted lower to close 4 cheaper at 362p. Elsewhere in Chemicals, Laporte were also on offer at 111p, down 6p.

EMI dull

EMI, which is currently bidding for Development Securities, declined 7 to 203p. Other leading Electricals to lose ground included Plessey, 2 off at 69p, and GEC, 6 cheaper at 175p. Secondary issues sported some firm features. Farnell Electronics, a neglected market of late, revived with a jump of 13 to 113p, while Cretlon, 29p, and Cohen Bros., 29p, put on 3 apiece.



Leading Stores took on an easier appearance but the falls were fairly modest. British Home reacted 4 to 186p and Marks and Spencer 3 to 115p, while Gus A eased 2 to 226p. House of Fraser reacted a similar amount to 92p after the previous day's good rise in response to the preliminary figures. Elsewhere, the almost doubled profits pushed Austin Reed up to 61p before a close of 59p for a rise of 7 on balance. Combined English improved a peny to 58 following the results and Greenfield Milletts hardened a trifle to 23 after the chairman's encouraging statement at the annual meeting. Church encountered further support at 91p, up 5, while Hepworth B also met with buyers and improved 3 to 46p. Among Mail Orders, Empire put on 4 to 112p.

Leading Engineerings gave ground in line with the general trend and Tube Investments, at 400p, down 12, surrendered most of the previous day's rise which followed the preliminary figures. GKN drifted lower to close 6 down at 336p and John Brown shed 3 to 157p. In contrast, APV responded to the good results with a rise of 25 to 365p. The preliminary figures, proposed rights issue and dividend forecast left Spirax Sarco 8 higher at a fresh peak for the year of 198p. Tecalemit met further profit-taking initially and reacted to 85p before renewed speculative demand took the price up to a close of 93½p, up 4½ on balance. Desoutter advanced 11 to 161p on the increased dividend and profits, while Ash and Lacy also reflected satisfaction with the results with a rise 4 to 124p. Following news of the counter-bid worth 245p cash per share from Hawker Siddeley, Herbert Morris eased 242p before closing unaltered at 245p; original bidders, Babcock and Wilcox finished a penny easier at 81p, while Hawker fell 6 to 526p. Greens Economisers were noteworthy for a rise of 6 to 81p along with Jones Shipman, a similar amount higher at 82p.

Pork Farms featured Foods, dropping 24 to 193p in thin trading on fading bid hopes. J. Lyons, still reflecting the announcement that the company's planned sale of Tetley incorporated to Liggett Group has been called off, reacted 3 to 73p. Clifford's Dairies A ended 2 easier at 35p following the preliminary figures, but better-than-expected profits left Cadbury Schweppes 1½ harder at 45½p. Bernard Matthews were finally a penny better at 130p, after 135p on the sharply improved earnings. On the bid front, FMC, at 103p, made no apparent response to the profits and dividends forecast in the company's rejection of the offer from Thomas Borthwick; the latter closed unchanged at 85p.

Bowater moved up to 207p in response to the preliminary results before drifting back to close unaltered on the day at 200p. Other leading miscellaneous Industrials gave a little ground. Beecham cheapened 4 to 438p, Glaxo 2 to 493p and Turner and Newall 3 to 175p. Gallenkamp featured again, easing to 225p at one stage on profit-taking before moving up to 280p on news of the bid approach and closing 27 up on balance at 270p, making a three-day jump of 74. Bifurcated Engineering up 4 at 46p, reflected satisfaction with the results, but Armour Trust fell 1 to 27p on the annual loss. Crosby House advanced 12 more to 112p on the announcement that NPK Holdings had acquired a stake equivalent to 10.5 per cent. of the Ordinary shares in the company. Biddle Holdings improved 2 to 70p on the increased profits, but Wm. Press, a recent speculative favourite, reacted to 50p before closing 2 cheaper on the day at 51½p. Coral Leisure, a good market of late, eased a similar amount to 145p after the results and proposed scrip issue. Fresh activity was seen in Hay's Wharf, up 4 further at 112p, while speculative demand prompted a rise of 7 to 31p in J. and L. Randall.

Lucas Industries were quiet and a penny better at 247p, the interim figures exactly matching market estimates. Commercial Vehicles had firm spots in Peak Investments, 2 better at 14p, and Mann and Overton, 8 higher at 99p. Components had Wilmot-Breeden 3 easier at 70p and Dunlop 4 cheaper at 100p. Interest in Distributors was mainly restricted to company's announcing trading statements. Appleyard closed without alteration at 58p following preliminary results, while improved earnings were reflected in a rise of 1½ to 13p in Hanger Investments and a rise of 3 to 30p in Dorada.

Publishers featured a rise of 3 to 111p, after 115p, in Associated Book on the sharply increased earnings. Richard Clay also responded to improved profits and closed 4 up at 47p in otherwise little changed Paper/Printings.

Properties up again

The unexpected fall of a point in MLR sparked off fresh enthusiasm for Properties which will naturally benefit from a reduction in interest rate charges. Allnatt London rose 6 to 131p and Corn Exchange were the same amount higher at 137p, while Property Investment put on 5 to 69p and Property Security 4 to 79p. Capital and Counties, still reflecting the proposed public auction of its Knightsbridge property complex, improved 1½ more to 18½p, but English reacted 2 to 45½p following the Chief Executive's annual review. Berkeley Hambro rose to 89p before closing a net 4 higher at 87p; the company has an 8 per cent. stake in the unquoted Swire Properties which is to seek a listing within the next three months. Consideration of the marked first-half recovery put Samuel a further penny dearer at 57p, while London Shop were in demand at 49½p, up 2½; the latter's 8¾ per Convertible, 1984, jumped 5 points to £75. Of the leaders, Land Securities eased 1 to 174p, but MEPC hardened that much to 87p, after 88p.

Taking their cue from surrounding sections, the Oil majors drifted lower in rather quiet trading. Slightly firmer U.S. advices overnight made no impression on British Petroleum which reacted 10 to 794p, while Shell gave up 4 at 486p and Royal Dutch ⅞ at £44⅝, the last-named despite the higher investment dollar premium. Attock ran into some speculative profit-taking and shed 6 to 108p and, for a similar reason, Berry Wiggins reacted 2 to 38p.

Ocean Wilsons came to the fore in Overseas Traders, rising 13 to 187p on revived hopes that the company will be freed from dividend controls on account of its overseas operation. James Finlay rose 6 to 202p, but S. and W. Berisford reacted 4 to 183p and Harrisons and Crosfield retreated 12½ to 537½p.

Incomes shares were well to the fore in Investment Trusts and closed with widespread modest gains following business prompted by a fresh reappraisal of their yields. M. and G. Second hardened 3 to 59p, while the numerous gains of 2 included Dualvest, 56p, Channel Islands, 98p, and Fundinvest, 31p. Elsewhere shares were generally quiet and little changed. Camellia Investments were exceptionally 5 better at 165p while Hellenic and General, 38p, and SPR Investments 104p, both closed 2 harder. On the bid scene, Estates House reacted 5 to 266p in sympathy with a decline of 2 to 118p in Commercial Union.

Shippings were back in the doldrums. P. & O. Deferred fell 3 to 134p, while Furness Withy, 250p, and Reardon Smith A, 59½p, both closed 2 cheaper. Against the trend, small buying left J. Fisher 5 up at 122p and Hunting Gibson 9 to the good at 165p.

Textiles were easier for choice. Sirdar reflected the static first-half performance with a decline of 3 to 40p. Courtaulds lost a like amount at 117p, while Leigh Mills, 14p, and Homfray, 58p, shed 2 apiece.

Anglo-Transvaal Industrial fell 4 to 88p in South African Industrials where Abercom Investments, 112p, and Gold Fields Properties, 42p, both finished 3 easier.

Batu Matang Rubber, 9 higher at 102p on the revised 105p a share cash offer from LYC Securities, provided the only movement of note in Rubbers. Teas closed on a firm note following a quiet trade.

Australians improve

Australian issues were the only cheerful section of mining share-markets yesterday with the substantially firmer tone of overnight domestic markets causing jobbers to mark up prices in line.

Business, however, was subdued and the gains recorded owed more to the lack of sellers than any large buying interest. Sentiment was helped by the steadiness of the investment currency premium and by the further recovery in base metal prices on the London Metal Exchange.

MIM Holdings stood out with a rise of 10 to a 1977 high of 242p, while North Broken Hill put on 8 to a high of 115p. Gains of around 5 were common to Bougainville and BH South at 112p and 117p respectively. In contrast, Whim Creek dropped 10 more to a 1977 low of 60p following persistent Irish selling.

Interest in South African stocks waned following Wednesday's burst of enthusiasm after the South African budget. Golds were generally a shade easier at the close of business after moving erratically during the day.

They were marked up at the outset of business reflecting the modestly firmer bullion price but the reaction in the metal in the afternoon caused some small selling which left shares at the day's lowest and the Gold Mines Index 0.4 off at 123.0. Bullion was finally $1 cheaper at $148.875 per ounce.

Heavyweights fell by up to ¾ as in Randfontein £22¾ but losses in the lower priced stocks were restricted to around 10 as in Buffels, 700p.

Financials mirrored Golds. The London-based issues were also affected by the weakness of the U.K. Industrial market. Rio Tinto-Zinc gave up 3 to 217p and Charter 2 to 131p. Among overseas-registered stocks De Beers were 7 off at 238p and Anglo American 5 easier at 220p.

Elsewhere, Kaduna were unaltered at 11½p following the take-over bid from Selukwa Gold Mining; the latter were unchanged at 17p.

FINANCIAL TIMES STOCK INDICES

—	Mar. 31	Mar. 30	Mar. 29	Mar. 28	Mar. 25	Mar. 24	A Year Ago
Government Secs	70.96	70.79	69.13	69.07	69.35	68.49	62.10
Fixed Interest	70.87	70.51	68.65	68.45	68.52	68.66	61.92
Industrial Ordinary	419.4	427.2	420.4	411.6	418.1	421.4	399.8
Gold Mines	123.0	123.4	120.3	125.2	151.2	154.5	150.4
Ord. Div. Yield	6.36	6.27	6.36	6.45	6.36	6.31	5.19
Earnings Y'ld % (full) (*)	16.94	16.47	16.73	17.02	16.75	16.60	15.55
P/E Ratio (net) (*)	8.65	8.89	8.76	8.61	8.75	8.83	9.44
Dealings marked	6,444	6,639	6,215	6,658	6,166	6,559	7,237
Equity turnover £m.	—	111.85	83.44	69.83	80.13	95.95	66.79
Equity bargains total	—	19,797	15,880	17,730	18,459	18,953	22,201

10 a.m. 424.3. 11 a.m. 423.8. Noon 423.1. 1 p.m. 423.7. 2 p.m. 422.0. 3 p.m. 421.4.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=8.59.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	70.96 (31/3)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.87 (31/3)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	433.8 (17/3)	357.6 (12/1)	549.2 (19/5/72)	49.4 (26/6/40)
Gold Mines	157.4 (7/3)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Mar. 31	Mar. 30
Daily—		
Gilt-Edged	155.0	181.9
Industrials	233.0	248.5
Speculative	41.4	38.0
Totals	146.7	161.1
5-day Av'r'ge		
Gilt-Edged	177.6	189.9
Industrials	229.8	235.5
Speculative	44.1	43.2
Totals	145.5	144.1

MONTHLY AVERAGES OF STOCK INDICES

—	Mar.	Feb.	Jan.	Dec.
Financial Times				
Government Secs	63.14	65.47	63.37	59.6
Fixed Interest	67.80	65.09	64.01	[illegible]
Industrial Ord.	418.2	395.8	374.2	352.4
Gold Mines	131.6	106.4	119.9	134.4
Dealings mkd.	7,305	7,065	6,835	4,23
F.T. Actuaries				
Indust'l Grp.	164.88	154.25	143.40	[illegible]
All-Share	136.87	130.41	171.02	[illegible]
Financial Grp.	134.54	126.22	122.25	107.5
All-Share (650)	173.11	157.00	154.57	111.2
20-year Govt.	53.64	51.06	49.39	45.2
Red. Debs	51.53	50.44	49.12	[illegible]

	High	Low
Industrial Ord.	435.2 (17/3)	404.2 (2/1)
All-Share	161.09 (17/3)	171.03 (2/1)

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	35	25	1
Corpns., Dom. and Foreign Bonds	11	8	49
Industrials	262	406	903
Financials and Prop.	137	112	297
Oils	4	13	11
Plantation	7	3	29
Mines	26	3	65
Recent Issues	11	5	21
Totals	495	592	1,40[illegible]

ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

CINEMAS ARE CONTINUED ON PAGE 3

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. g Forecast dividend: cover based on previous year's earnings. r Dividend and yield based on prospectus or other official estimates for 1977-78. u Gross. t Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. § Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Minimum tender price. ◆ Reintroduced. ♦ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ▲ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≤ With warrants. ● After suspension.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high	1977 low
ICI	£1	16	362	− 4	369	325
BATs Defd.	25p	14	235	− 5	245	204
Shell Transport	25p	13	486	− 4	524	454
Trafalgar House	20p	10	126	+ 2	127	91
Barclays Bank	£1	9	264	− 3	285	235
Burmah Oil	£1	9	62	− 1	78	41
Cadb'y Schweppes	25p	9	45½	+ 1½	45½	35½
Beecham	25p	8	438	− 4	452	372
BP	£1	8	794	−10	936	780
Cap. & C'ties Prp.	25p	8	18½	+ 1½	18½	10
GEC	25p	8	175	− 6	204	167
GUS A	25p	8	226	− 2	230	176
Press (Wm.)	5p	8	51½	− 2	65½	24
Reed Intl.	£1	8	213	—	230	183
Tube Invs.	£1	8	400	−12	414	300

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

OPTIONS TRADED

Calls were dealt in Charterhall Finance, Lofs, Land Securities, Sirdar, Lennons, Burmah Oil, Shell Transport, Ladbroke, William Press, Premier Consolidated Oil, J. H. Vavasseur Preference, Gallenkamp, and Cavenham Warrants. Puts were done in Shell Transport, and William Press, while doubles were arranged in Burmah Oil, J. H. Vavasseur Preference, Oil Exploration, William Press, Tecalemit, Grovebell and Town and City Properties.

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 22	Apr. 4	Jun. 23	July 5
Apr. 5	Apr. 19	July 7	July 21
Apr. 20	May 2	July 21	Aug. 4

For rate indications, see end of Share Information Service.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

Thurs., March 31, 1977

FIXED INTEREST

NEW HIGHS AND LOWS FOR 1977

NEW HIGHS (202)

NEW LOWS (13)

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Allied Irish Banks Ltd.	9½%	■ Hill Samuel	§ 9½%
American Express Bank	10½%	C. Hoare & Co.	† 9½%
A P Bank Ltd.	10½%	Julian S. Hodge	10½%
Henry Ansbacher	11 %	Hongkong & Shanghai	9½%
Banco de Bilbao	9½%	Industrial Bk. of Scot.	9½%
Bank of Credit & Cmce.	10½%	Keyser Ullmann	11 %
Bank of Cyprus	9½%	Knowsley & Co. Ltd.	12 %
Bank of N.S.W.	9½%	Lloyds Bank	9½%
Banque du Rhone S.A.	10½%	London & European	12 %
Barclays Bank	9½%	London Mercantile	9½%
Barnett Christie Ltd.	12 %	Midland Bank	9½%
Bremar Holdings Ltd.	12 %	■ Samuel Montagu	9½%
Brit. Bank of Mid. East	9½%	■ Morgan Grenfell	9½%
■ Brown Shipley	9½%	National Westminster	9½%
Canada Permanent AFI	10½%	Norwich General Trust	10 %
Capitol C & C Fin. Ltd.	12½%	P. S. Refson & Co.	9½%
Cayzer Bowater Co. Ltd.	10½%	Rossminster Accept'cs	11½%
Cedar Holdings	12 %	Royal Bk. Canada Trust	9½%
■ Charterhouse Japhet	10½%	Schlesinger Limited	11 %
C. E. Coates	10½%	E. S. Schwab	12 %
Consolidated Credits	9½%	Security Trust Co. Ltd.	11 %
Co-operative Bank	* 9½%	Shenley Trust	14 %
Corinthian Securities	9½%	Standard Chartered	9½%
Credit Lyonnais	9½%	Trade Development Bk.	10½%
G. R. Dawes	12 %	Twentieth Century Bk.	11 %
Duncan Lawrie	9½%	United Bank of Kuwait	9½%
Eagil Trust	9½%	Whiteaway Laidlaw	10 %
English Transcont.	10 %	Williams & Glyn's	9½%
First London Secs.	11½%	Yorkshire Bank	9½%
First Nat. Fin. Corpn.	12½%		
First Nat. Secs. Ltd.	12½%		
■ Antony Gibbs	9½%		
Goode Durrant Trust	9½%		
Greyhound Guaranty	9½%		
Grindlays Bank	‡ 9½%		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5%, 1-month deposits 5½%.
† 7-day deposits on sums of £10,000 and under 5%, up to £25,000 6% and over £25,000 6½%.
‡ Call deposits over £1,000 5%.
§ Demand deposits 6½%.

FOOD PRICE MOVEMENTS

	March 31 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	915	915	915
British A.1 per ton	890	865	865
Irish Special per ton	875	840	840
Ulster A.1 per ton¶	875	840	840
BUTTER (packet)			
NZ per 20 lbs	9.74-9.82	9.74-9.82	9.74-9.82
English per cwt†	57.12	57.12	57.12
Danish salted per cwt†	58.65-60.48	58.65-60.48	58.65-60.48
CHEESE¶			
English cheddar rindless per tonne	1,051.13	1,051.13	1,051.13
NZ per tonne	925.50	925.50	896.50
EGGS*			
Home-prod. Standard	3.80-4.00	4.10-4.20	3.75-3.95
Large	4.05-4.20	4.15-4.40	3.95-4.20

	March 31 per pound	Week ago per pound	Month ago per pound
BEEF			
Scottish killed sides (ex-KKCF)	43.0—46.0	43.0—46.0	44.0—47.0
Eire forequarters	31.0—33.0	31.0—33.0	31.0—33.0
LAMB			
English	54.0—58.0	54.0—61.0	53.0—56.0
NZ PLs-PMs	40.5—42.5	40.0—42.0	42.0—43.0
MUTTON			
English ewes	—	—	—
PORK (all weights)	29.0—36.0	29.0—36.0	29.0—36.0
POULTRY			
Broiler chickens	31.5—36.0	31.0—36.0	31.0—35.0

* London Egg Exchange price per 120 eggs. † Delivered. ¶ For delivery April 2-9.

NOTES

Prices do not include 5 premium, except where indicated ✝, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ɸ. ¶ Guernsey gross. ‡ Suspended. ✦ Yield before Jersey tax.

INSURANCE BASE RATES

† Property Growth 11½%
Cannon Assurance .... 9 %

† Address shown under Insurance and Property Bond Table.

CORAL INDEX Close 417-422

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¾	95⅞	Treasury 11½pc 77‡	101½xd	......	11.34	8.45
96⅝	93⅝	Treasury 3pc 77‡	96⅞	−⅟₁₆	3.11	8.96
96¾	95⅛	Transport 4pc 72-77	96¾	−⅛	4.13	8.70
100½	95⅝	Treasury 9pc 1978‡	100⅝ £1	−⅛	8.99	8.91
102	97⅞	Treasury 10½pc 78‡	101⅞	−⅛	10.31	8.92
97⅛	90⅛	Exch 5pc 76-78	97¼xd	−⅛	5.14	6.96
103⅜	95⅜	Treasury 11½pc 79‡	103⅜	......	11.13	9.57
93½	84⅜	Treasury 3pc 79‡	93¼	−¼	3.22	5.98
95	85½	Electric 4½pc 74-79	95xd	......	4.47	6.45
102	77½	Treasury 10½pc 79‡	101⅝xd	−⅛	10.30	9.64
92¾	84⅛	Electric 3½pc 76-79	92½	−¼	3.78	6.66
100⅞	67¾	Treasury 9pc 1980‡	100¼	−⅛	8.98	8.89
100⅜	88⅜	Treasury 9½pc 80‡	100	−⅛	9.50	9.50
91	82⅞	Treasury 3½pc 77-80	91	......	3.84	6.66
93	85⅛	Funding 5½pc 78-80‡	93	......	5.64	7.75

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 41¼% (based on $US1.7200 per £)

Conversion factor 0.7979 (0.7086)

CANADIANS

1977 High	Low	Stock
11⅝	10	Bk. Montreal $2
17⅛	14⅞	Bk. Nova Scotia $1
41¼	34¼	Bell Canada 25c
19⅞	14¼	Bow Valley‖
995p	875p	Brascan‖
22⅞	18⅞	Can. Imp. Bk. $2
14¼	11⅞	Can. Pacific $5
30	26½	Do. 4pc Deb. £100
22¼	18⅞	Gulf Oil Can.‖
410p	335p	Hawker Sid. Can.‖
25	20¼	Hollinger $5
13⅛	11⅞	Hudson's Bay ‖
29½	25½	Hud. B. Oil G. $2½
18¾	15½	Imperial Oil‖
28¼	23⅝	Inco
780p	740p	Int. Nat. Gas $1
18¾	14½	Massey Ferg.‖
24½	20⅞	Pacific Pet. $1
42p	32p	Place Gas $1
23¾	19⅞	Rio Algom
22	17⅞	Royal Bk. Can. $2
19⅞	16⅛	Seagram Co. C$1
16⅞	12¾	Tor. Dom. Bk. $1
10⅞	925p	Trans. Can. Pipe 33¾c

S.E. List Premium 41¼% (based on $1.8188 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

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[redacted]

INDUSTRIALS—Continued

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's	P/E
67	58	Lindustries	64	+1	4.0	2.7	9.8	5.7
26	24	Lipton	24	......	1.0	2.0	6.4	12.1
31½	24	Lon. & Nthn Grp.	31½	......	3.25	1.6	15.9	5.9
19½	17	Long Hmbly. 10p	19	......	1.29	3.6	10.4	4.1
40	30	Longton Trans.	36	−1	†3.1	2.8	13.2	4.1
49	39	Lonsdale Univrsl.	46	......	4.15	1.9	13.9	5.8
158	118	Low & Bonar 50p	152xd	+1	9.75	ϕ	9.9	ϕ
88	60	MK Refrig'n 10p	86	......	d2.72	5.0	4.9	6.3
9¼	8	MPI 5p	9#	......	—	—	—	—
42	36½	M.Y. Dart. 10p	39	......	♦†1.5	4.1	5.9	6.2
17	13	Macarthys Ph. 10p	17	......	1.61	1.4	14.6	6.6
82	74	McCrthy Ph. 20p	76	......	5.52	3.1	7.1	6.9
65	45	Macfarlane Gp.	65	......	†5.13	1.7	7.4	12.3
218	155	McBride Rbt. 10p	218	+6	†3.99	5.1	2.8	7.0
26	13	McCleery L'A	13	......	1.25	ϕ	14.8	ϕ
54½	36½	Macpherson (D.)	51	−1	2.36	4.1	7.1	5.3
21½	17	Madame Tus'ds 5p	20½	......	0.97	2.9	7.3	7.4
[illegible]	36	Magnolia Group	62	......	2.41	ϕ	6.1	ϕ
71	51	Mngmt. Ag. M. 10p	67	−1	5.2	2.3	11.9	5.6
236	166	Man. Ship Can. £1	202	......	13.93	ϕ	10.6	ϕ
39	38	Marks (A.) 10p	39#	......	♦‡1.35	—	—	—
14	11	Marling Ind. 10p	12½	+½	†d0.92	3.3	11.4	3.9
30	25	Marshall Cav. 'A'	29½	+½	2.02	3.4	10.6	4.2
177	110	Marshall's Univ.	175	−2	‡6.65	4.0	5.8	5.0
97	72	Martin-Black	90	......	14.4	4.6	7.5	4.9
80	60	Maynards 25p	80xd	......	†4.33	2.3	8.3	7.9
12½	11	Medminster 10p	11½	......	20.4	—	—	—
11	9	Mentmore 5p	10½	......	0.85	0.9	12.2	13.7
306	246	Metal Box £1	288½	−7½	†12.1	2.6	6.5	9.3
75	64	Metal Closures	73	......	†3.43	2.7	7.2	7.9
35	28	Mettoy	34	−1	‡1.87	3.8	8.5	5.1
156	145	Miln Mrstrs 50p.	148xd	+3	‡7.65	2.8	7.9	7.7
45	34	Mit. Cott. Tr. 5p	38	−2	2.99	2.3	12.1	4.0
£220	£170	Mitsubishi 5pc 86	£178	−6	Q5%	7.1	12.6	—
23	14	Mono Containers	23	+1	‡2.0	0.1	‡	—
3¾	3	Monument 10p	3¼	−¼	—	—	—	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
64	38	Coronation 25c.	56	−2	Q5c	8.4	6.0
130	70	Falcon Rh 50c	115xd	......	†Q35c	1.7	29.8
14	9	Rhod'n Corp. 16⅔p	12½xd	......	0.56	4.3	6.9
165	140	Roan Cons. K4	150	......	—	—	—
164	148	Tanganyika 50p	148	−1	Q10.0	0.8	6.8
70	70	Do. Pref. 80p	70	......	Q9	10.2	10.3
35	27	Wankie Col. Rh1	32	......	Q[illegible]	1.5	22.9
27½	16	Zam. Cpr SBD0.24	19½	−½	—	—	—

AUSTRALIAN

TINS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
77	75	Hongkong	75	......	—	—	—
67	61	Idris 10p	63	......	7.15	ϕ	17.5
10	7	Jantar 12½p	8	......	—	—	—
49	35	Kamunting 15p	39	......	22.5	1.2	9.9
320	260	Killinghall	320	......	Q50.0	ϕ	15.6
255	227	Malay Dredging	235xd	−3	11.0	1.1	7.2
—	—	♦Pahang	27#	......	Q2.5	0.5	9.2
52	50	Pengkalen 10p	50	......	5.5	1.3	15.9
155	133	Petaling SM1	155	......	Q12½c	10.9	2.0
51	35	Saint Piran	45	......	3.12	2.5	10.4
105	85	South Krofta 10p	90	......	7.5	0.6	12.8
205	165	Sthn. Malayan	165xd	......	13.8	1.1	11.0
62	57	Sungei Besi SM1	56	......	—	—	—
*37	19	Supreme Corp. SM1	37	......	ZQ10	—	6.7
55	42	Tanjong 15p	52	......	4.64	b1.8	13.7
67	45	Tongkah Hrbr. SM1	65	......	Q16.52c	0.3	6.5
113	93	Tronoh SM1	110	......	†4.29	2.0	6.0

COPPER

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
198	145	Messina R0.50	175	......	Q45c	2.8	17.2

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p.	9½	......	—	—	—
29	18	Charterhall 5p	27	−1	—	—	—
87	58	Colby Mines $C1	86½	+½	—	—	—
600	425	Cons. Murch. 10c	520	−10	Q140c	1.4	18.0
440	355	Northgate C$1	410	−10	—	—	—
227	173	R.T.Z.	217	−3	g5.96	2.1	4.2
70	50	Sabina Inds. C$1	50	......	—	—	—
£14¼	£11⅛	Tara Exptn. $1	£13⅞	+⅞	—	—	—
53	39	Tehidy Minerals 10p	50	......	t1.19	2.2	3.7
148	123	Yukon Cons. C$1	148	......	Q6½c	ϕ	1.7

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ♦ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim; reduced final and/or reduced earnings indicated.
- $ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¥ Excluding a final dividend declaration.
- ♦ Regional price.
- § No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 40

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	20	......
Ash Spinning	40	......
Bertam	17	......
Bdg'wtr. Est. 50p	265	−5
Clover Croft	21	......
Craig & Rose £1	360	......
Dyson (R.A.)	22	......
Ellis & McHdy	59	......
Evans Frk. 10p	25	+4
Evered	11	......
Fife Forge	55	......
Finlay Pkg. 5p	16	......
Graig Ship. £1	325	−5
Hallam Sleigh 10p	8½	+½
Higsons Brew	75	......
I.O.M. Stm. £1	147	......
Holt (Jos.) 25p	213	+8
Kleen-e-Ze	42	......
Lovell's Ship £1	180	......
N'thn. Goldsmith	26	......
Pearce (C. H.)	90	......
Peel Mills	13	......
Robb Caledon 5p	83	......
Sayers 12½p	32	......
Sheffield Brick	95	+5
Sheff. Refrshmt	160	......
Shiloh Spinn	20	......
Sindall (Wm.)	56	......

IRISH

Conv. 9% '80/82	£92⅝	+½
Alliance Gas	46	+3
Arnott	245	......
Carroll (P.J.)	90	......
Clondalkin	46	+1½
Concrete Prods.	75	......
Helton (Hldgs.)	30	+2
Ind. News	51	......
Ins. Corp.	120xd	......
Irish Distillers	53	+½
Irish Ropes	123	......
Jacob	45	......
Sunbeam	19	+2
T.M.G.	130	−5
Unidare	55	+5

OPTIONS

3-month Call rates

Industrials

A. Brew	6½
A.P. Cement	18
B.S.R.	10
Babcock	8
Barclays Bank	25
Berry Wiggins	5
Beecham	32
Boots Drug	12
Bowaters	16
B.A.T.	21
British Oxygen	6
Brown (J.)	17
Burton 'A'	6
Cadburys	5
Cavenham	10
Courtaulds	10
Debenhams	8
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	20
Gen. Accident	17
Gen. Electric	17
Glaxo	36
Grand Met.	7
G.U.S. 'A'	18
Guardian	18
G.K.N.	25
Hawker Sidd.	40
House of Fraser	8
I.C.I.	25
"Imps"	7
I.C.L.	14
Inveresk	7
Ladbroke	11
Legal & Gen.	12
Lex Service	5
Lloyds Bank	22
"Lofs"	5
London Brick	5
Lonrho	8
Lucas Inds.	20
"Mams"	7
Mrks. & Spncr	10
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	9
P & O Dfd.	12
Plessey	7
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	20
Reyrolle	12
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property

Brit. Land	3½
Cap. Counties	3
E.P.	5
Intereuropean	7
Land Secs.	14
MEPC	7
Peachey	6
Samuel Props.	4½
Town & City	1½

Oils

Brit. Petroleum	60
Burmah Oil	8
Shell	20
Ultramar	14

Mines

Charter Cons.	15
Charterhall Fin.	4
Cons. Gold	15
Rio T. Zinc	10

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Friday April 1 1977

Babcock wins £70m. Saudi contract

BY RICHARD JOHNS

THE SAUDI Arabian Government has awarded Ames Crosta Babcock a turnkey contract worth 428m. riyals (£70m. for the construction of a drinking-water treatment plant to serve Riyadh.

The Lancashire-based company, a member of the water engineering division of the Babcock Wilcox group, believes that it is the highest value contract ever to be given for such a project. The water drawn from wells, 37 miles from the Saudi capital, will be processed at the rate of 14.3m. gallons a day by a U.S. supplied reverse osmosis technology.

Ames Crosta Babcock reckon the undertaking to be one of the biggest to use this method of purification. Under it, the salty water is pumped through a membrane which then filters out the salt.

The British company will utilise a spirally-wound cellulose acetate membrane marketed by Ajax International Corporation of Santa Barbara, California, in which it has a 25 per cent. shareholding. It is manufactured by Fluid Systems of San Diego, a subsidiary of Universal Oil Products.

Most of the rest of the equipment including other water treatment plant and diesel generators, is expected to come from Britain. There will be a local content in the civil engineering but Ames Crosta Babcock is not prepared to say what proportion of the contract value it will amount to.

Management

Sub-contracts have yet to be concluded for the provision of cranes, cooling towers, diesel generators, civil engineering, and mechanical and electrical work. The project does not include the pumping of the water from wells (which have yet to be drilled) or distribution to Riyadh.

Implementation is expected to take two-and-a-half years. Included in the price of the contract is the provision of technical management and also certain inputs for the plant during the first five years of operation.

The fixed-price contract, which makes no allowance for escalation was won in competition with three other groups—Soges of the Lebanon and Envirogenic of the U.S.; YIT of Finland and Degremont of France; and Ionex of the U.S. It is not known what price the Saudi Ministry of Agriculture and Water estimated for the project.

The contract is also the first major one in the construction field to be awarded to a western or Japanese company since early in February when the Saudi Government rejected what it described as "inflated bids" for power generation and sewage projects.

Mobutu meets mediator

By Our Foreign Staff

BRIGADIER JOSEPH GARBA, Nigeria's Foreign Minister, yesterday met Zaire's President Mobutu in the first stage of his attempt to mediate between Zaire and Angola over the invasion of southern Zaire, which is allegedly backed by Angola.

The Nigerian move is believed to have the backing of the majority of African states, as well as of Washington, where it was first announced last week. It is understood Brig. Garba will talk to-day or to-morrow with Angolan President Agostinho Neto in Luanda.

The invasion of Zaire by former Katangan gendarmes started on March 10. Yesterday the Zaire Government admitted for the first time that the key raiItown of Mutshatsha was captured by the invaders last Saturday.

There was no confirmation, however, of reports that the Katangan force had infiltrated Kolwezi, where the state-owned company Gecamines, produces more than a third of Zaire's copper.

On Wednesday diplomatic sources in Brussels reported that the Katangans were about 15 miles from Kolwezi, which was being defended by Zaire troops. It was announced in Kinshasa yesterday that a new commander had been sent to take over the para-military gendarmerie in Shaba province. There were also reports of troop reinforcements to the area.

President Mobutu has responded to a report in the French newspaper Le Monde which hinted that he would soon take a trip abroad during which he would hand in his resignation. In an interview with the national news agency in Kinshasa he said: "Chief of state or simple citizen, my place is in the Republic of Zaire and I will never live a single day in foreign exile."

Mysterious challenge to Mobutu Page 22

Nimrod development to go ahead

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The Nimrod airborne early warning aircraft.

THE U.K. is to go ahead with full development of the Hawker Siddeley Nimrod flying radar-station for Airborne Early Warning (AEW) duties, and is pulling out of the NATO plan for the rival Boeing E-3A Airborne Warning and Control System (AWACS).

The decision, announced by Mr. Fred Mulley, Secretary for Defence, yesterday, is due to the inability of other NATO partners to agree on sharing the cost of the $2.4bn. (£1.4bn.) AWACS plan.

The U.K. would have been prepared to adopt AWACS with full NATO agreement, but in the absence of any agreement the U.K. cannot wait any longer before going ahead with the Nimrod programme.

Mr. Mulley made it clear at last week's NATO Defence Ministers' meeting in Brussels that he was "reserving the U.K. Government's position."

NATO regret

NATO headquarters in Brussels last night officially expressed great regret at the U.K. decision. But the British move has not necessarily killed the AWACS project.

Nimrod would provide "valuable early warning for the northern sea approaches," it was said, but only AWACS could meet the low altitude threat over central Europe.

Mr. Mulley has been under intense political and industrial pressure for some time to adopt Nimrod, because of the greater number of jobs it will provide for the U.K. aerospace industry.

It is expected that the Nimrod will create close to 7,000 jobs over the next few years, at Hawker Siddeley Aviation's Woodford, Manchester, and Marconi-Elliott's Rochester, Kent, factories, and at Rolls-Royce, which makes the Spey engines for Nimrod.

It has been claimed that the long-term cost of Nimrod will be no more expensive than the U.K.'s expected $450m. share of the AWACS programme, while preserving a substantial element of the U.K. aerospace industry's design, development and manufacturing capability.

The amount spent on Nimrod so far is estimated at over £22m., with £6m. spent on the Hawker Siddeley Nimrod airframe and £16m. on the Marconi-Elliott radars.

Under the manufacturing programme envisaged, 11 Nimrods surplus (or likely to become surplus) to the RAF's anti-submarine warfare programme will be converted to the flying radar-station.

These aircraft will be used to replace the RAF's ageing Shackleton aircraft for Airborne Early Warning duties—detecting the approach of enemy aircraft and missiles—in the U.K. Air Defence Region which also covers a large part of the Eastern Atlantic.

They will also be used to fulfil the existing responsibilities to NATO, covering the western coasts of Europe from the North Cape of Norway to Gibraltar, and perhaps also in the Mediterranean.

Work on the programme is already under way at Hawker Siddeley's and Marconi-Elliott's factories, and a Comet aircraft, fitted with the advanced radars, is due to start test flights soon.

The Nimrod aircraft will be ready for RAF service from 1981-82, about the same time that the AWACS would have been available.

It is also claimed by the U.K. that Nimrod will be capable of being used in conjunction with any of the U.S. Air Force's own AWACS aircraft that might now be stationed in Western Europe.

Mr. Mulley made it clear that it was open to the other members of NATO to adopt AWACS, if they could agree on financing.

He indicated that in such a situation the U.K. would try to ensure that the Nimrod was capable of working alongside the AWACS, to achieve maximum military effectiveness.

Next step

Mr. Mulley said the next major step would be for the Ministry of Defence to discuss contractual arrangements with Hawker Siddeley and Marconi-Elliott Avionics, and until these were settled it was not possible to give precise figures for costs and employment.

But he made it clear that many other companies would benefit from the U.K. decision over the next five to 10 years.

He did not believe that the decision would have adverse effects upon other Anglo-U.S. defence arrangements under discussion, such as the pending Marine Corps procurement of the advanced AV-8B Harrier jump-jet.

He felt the U.S. recognised the difficulties the NATO members had experienced in agreeing on finance for the AWACS.

Parliament Page 20

Herbert Morris Board backs surprise bid by Hawker

BY KEITH LEWIS

HAWKER SIDDELEY has entered the struggle to gain control of crane manufacturers Herbert Morris with a surprise takeover bid worth £8.3m.

The offer—245p a share in cash—has the blessing of the Morris Board and compares with 205p already on the table from Babcock and Wilcox.

It has been known for some time that two other parties were interested in Morris, but Hawker is, apparently, a totally new contender. No previous approach was made by Hawker to Babcock, which holds a key 40 per cent. stake in Morris.

The Babcock Board, which admitted yesterday to having been taken by surprise, is now considering what to do. The indications are that Babcock will contest Hawker's move.

The Hawker bid has the approval of the Morris workers, who, along with the Board, have been unanimous in their opposition to Babcock. Union hostility was undoubtedly a factor in the decision to refer the Babcock offer to the Monopolies Commission. Hawker has stated that no redundancies would result from the absorption.

The terms of the offer include a share alternative—46 Hawker for every 100 Herbert Morris—which, at yesterday's prices, values each share at 242p. Preference shareholders are being offered 50p cash.

Accompanying the offer is a profit forecast from Herbert Morris of £3.1m. for 1976-77, compared with £2.2m. in the previous year and £1.1m. in 1974-75. A revaluation of assets has thrown up a surplus over book value of some £3m., which raises asset value to over 280p a share.

Precise reasons for approving the bid from Hawker, which has interests adjoining Morris's at Loughborough, will be sent out with the formal offer document in the week after Easter. Hawker is being advised by merchant bankers S. G. Warburg.

The Morris share price has been anticipating a new bid for some time, and closed yesterday unchanged on the day at 245p. Hawker shares ended 6p down at 526p. Babcock were 1p lower at 81p.

Alfred Herbert makes profit

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

ALFRED HERBERT, the machine tool group which was rescued by a £25m. injection of Government aid in 1975, is making profits.

Last year, Herbert made a profit of £1.46m. before interest and exceptional charges, compared with a £5.7m. loss for the previous 14 months.

The spectacular revival under a new management came after five consecutive years of losses which totalled £25m.

Mr. John Buckley, who took over as chairman in 1975, said Herbert will remain in reasonable health. He said last night: "The outlook is one of confidence in the long term."

The company was concerned, however, about continuing low level of orders for machine tools. But it made a profit in the last quarter of last year and in the first three months of this year.

"The outlook, given even a modest improvement in order intake, should result in a moderately profitable year," added Mr. Buckley.

Herbert is now a National Enterprise Board subsidiary and it seems to have been the only machine tool business to take advantage of the NEB's machine tool stockpiling scheme.

Some £5m. was made available to Herbert on commercial terms, but with interest payments deferred by up to two years, and £3m. of this facility has been used so far. Mr. Buckley insisted that in the context of Herbert's £49.4m turnover last year, "this is not too much."

The stockpiling scheme had been crucial to Herbert at a time of severe recession in the machine tool industry, said Mr. Buckley.

The order intake rate was improving but the decision of British Leyland's car division to delay its major investment programme had been a blow to Herbert, as it had to other U.K. machine tool groups.

Mr. Buckley said that the number of Herbert's employees was "not significantly below" the 1975 total of 6,600.

Results Page 27

Liberals in petrol duty talks

BY RICHARD EVANS, LOBBY EDITOR

THE GOVERNMENT'S hopes of securing the higher petrol duty imposed in the Budget now depend on intensive talks launched yesterday to dissuade the Liberals from opposing the increase in the Commons on Monday.

There is a great deal of brinkmanship in evidence, but Ministers insist that the Budget resolution which increases petrol and diesel duty by 5p a gallon, and raises an extra £360m. in revenue, will be put to the Commons as planned.

After talks yesterday between Mr. Joel Barnett, Chief Secretary to the Treasury, and Mr. John Pardoe, the Liberal economic spokesman, it appeared that little progress had been made, and there is every prospect that negotiations will continue over the weekend and into Monday.

The Liberals appear determined to stick out for some concession from the Government which will enable them to show that they have come to the aid of the motorist.

"Unless we get an offer which the Liberal party can accept on behalf of the motorists of this country, we shall have to vote against the raising of petrol prices," Mr. Pardoe insisted last night.

The most hopeful prospect for the Government is the offer of a formula before Monday that would help the motorist in general, and the rural motorist in particular. This could persuade the 13 Liberal MPs to go into the Government lobby or abstain, and the resolution would be passed.

Amendments

Another possibility is that Mr. Denis Healey, Chancellor of the Exchequer, might promise before the vote that amendments would be tabled to the Finance Bill that would meet Liberal objections to the increased duty.

Basically, the Liberals oppose the rise in petrol because of the effect it would have on the rural communities which they represent, but Ministers, increasingly aggravated by the party's tactics, suspect that there are other reasons for the move.

They believe that the Liberals are desperately anxious to underline their continuing independence of the Government and a more cynical view is that the decision to oppose an unpopular tax was taken to improve the Liberal vote in the Stechford by-election yesterday.

There were indications yesterday that the Liberals had suggested a differential petrol tax between rural and urban areas, but this was hastily dropped when a party split developed.

Mr. Cyril Smith, MP for Rochdale commented: "If Mr. Pardoe thinks I am prepared to vote for the people of Rochdale paying 5p a gallon more for petrol than the people of North Cornwall, he's got another think coming."

If the Budget resolution is defeated—one minority group, the United Ulster Unionists, will not decide tactics until Monday—petrol will have to revert to its pre-Budget price within a matter fo days. Treasury officials are still exploring the complex question of whether claims for refunds on petrol at the higher price would have to be met.

Treasury man joins Guinness Mahon

By Peter Riddell, Economics Correspondent

ANOTHER top Treasury official is to move into the private sector, the second man to take the step in the past month.

Sir Derek Mitchell, second permanent secretary in charge of overseas finance, is to join the Board of Guinness Mahon, the merchant banking side of the Guinness Peat Group. This is one of several appointments associated with the expansion of the bank announced yesterday; the list includes Lord Goodman who is to be a consultant.

The departure of Sir Derek follows the move by Mr. Alan Lord, the second permanent secretary in charge of domestic industrial and economic policy, who is joining Dunlop. It was also announced last week that Mr. David Walker, an assistant secretary at the Treasury, is to join the Bank of England.

The combination of these moves in such a short period is bound to lead to questions about the Treasury's ability to attract and retain senior officials after a period of strong criticism of the department.

Moreover, one of the other four second permanent secretaries, Sir Bryan Hopkin, the chief economic adviser, is only working on a part-time basis after being persuaded not to retire last autumn.

The moves will mean another reshuffle at the top in the Treasury although no successor to Sir Derek is likely to be named until later this month. Mr. Lawrence Airey has already been appointed to take over from Mr. Lord.

Criticism

Sir Derek has been strongly criticised during the last few months from within Whitehall—especially at the political level—over the Treasury's handling of sterling and the talks with the International Monetary Fund.

There is apparently no difference of opinion over policy and Sir Derek, who is 55, had been considering leaving the Civil Service for some time after a career of 30 years.

An unusual feature is that he will not be able to take up his new post for six months, until October 1. This reflects the advice of a Standing Advisory Committee to the Prime Minister chaired by Lord Diamond and compares with the normal gap for a senior official of three months between leaving the Civil Service and joining the private sector, which has applied in the case of Mr. Lord.

Sir Derek has been asked to stay on until May to work on the preparations for various international meetings, including the summit of world leaders in early May.

Sir Derek's particular role on the Guinness Mahon Board, where he will be a full-time executive, has not been decided.

The general intention is to expand the bank's activities in the U.K. and abroad after a relatively quiet period.

The other newcomers to the Board are Mr. Alfred Singer, who will work part-time and retain his present posts in the Post Office pension fund and the Equity Bank, and Mr. Graham Starforth Hill, previously a partner in Rodyk and Davidson, the Singapore solicitors.

Mr. David Ewart, a director of the bank since 1971, has now become a vice-chairman. Mr. George Selby has been appointed a consultant on foreign exchange and currency matters.

Men and Matters, Page 22

Continued from Page 1

Lending rate

high of 70.96. And the new partly-paid stock issued last week gained further to show a premium of £3⅛ over the £15 paid up.

The new issue announced yesterday again follows this pattern. The stock is £800m. of Exchequer 9¼ per cent. dated 1982, putting it just outside the short range. It is being issued at £97 per cent. to yield 9.54 per cent. flat and 9.89 per cent. in redemption. But only £15 is payable on application next Wednesday, with another £25 on May 12 and the final £57 on July 4.

This has the effect of spreading the payments into the next financial year and avoiding too sharp a depressing impact on the monetary aggregates in the current period.

By announcing the issue yesterday rather than to-day—as would be more normal—the Bank has also made it possible for dealings in the stock to start before the Easter weekend instead of waiting until the following week.

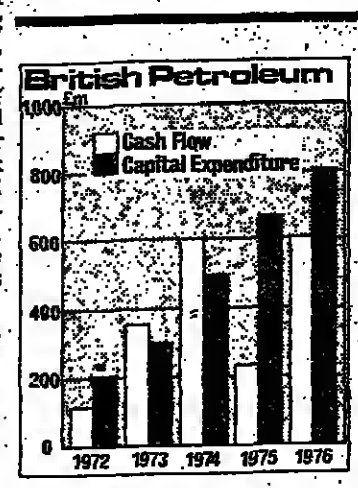
The official willingness to see lower rates has been helped by the continued strength of sterling this week. Yesterday markets were quieter, with the pound losing 5 points to $1.72.

The Bank reinforced its move on MLR with a clear signal in the money market that it did not want money rates to fall further to-morrow.

THE LEX COLUMN

Floating with the market tide

Index fell 7.8 to 419.4



In a flurry of activity yesterday the monetary authorities accepted the market's judgment by cutting Minimum Lending Rate a point to 9½ per cent., more-or less tied up the funding programme of the first few months of the next financial year by launching another partly paid gilt-edged stock (this time a near-short), and then announced that preliminary steps are being taken towards the introduction of the floating rate bond which has been debated for so long.

A late surge in prices of high coupon longs last night on the view that they could acquire some scarcity value seems to be misconceived. The variable rate stock will simply be an addition to the Government Broker's range, to be sold at times of uncertainty over interest rates. In the near future—the stock could appear at any time after dealing arrangements have been cleared with the Stock Exchange in the next couple of weeks—it is likely to generate little buying interest. This is the right time to introduce the bond, however, rather than to bring it in as what would inevitably appear as a panic measure in some future crisis.

Matters like the exact relationship of the coupon to Treasury Bill rates and the maturity, which could be something in the short/medium range, have still to be decided. There is also the question of whether large amounts would be available for switching out of existing gilts: it would be an ideal stock for building societies, for example, and the law will be changed so that they can hold it. The path has already been trodden, of course, by GEC whose Floating Rate Notes have moved up from an initial 97 to 101.

Having taken these measures the authorities no longer have to be so concerned about the possibility of interest rates bottoming out earlier than they had planned. They may not be as keen to hold up rates artificially as they have been doing recently. But the stock market faces calls of £1.3bn. on partly-paid gilts in the next few months and a possible BP offer as well, which could take quite some digesting.

BP

Introducing the BP annual report yesterday the chairman, Mr. David Steel, made clear the group's eagerness to assist the Government in reducing its holding. BP's preferred solution would be for the 17 per cent. stake in question to be widely dispersed in the U.S. and the U.K. It seems likely that BP would be willing to help the issue along with a profits forecast, pencilling in a net income figure of perhaps £400m. for the current year against the disappointing £180m. of 1976. The intriguing point is whether the Government might be tempted to bend its own rules and allow BP more dividend flexibility to whet the market's appetite. If it does, another oil company over on the South Bank could have something to say.

Meantime the full accounts indicate that the only modest recovery of net income last year gave a thoroughly misleading picture of the group's performance. In fact there was a very large rise in cash flow, taking into account U.K. tax paid (£20m.) rather than provided (£197m.). This year the Forties Field will come through strongly, with Alaska in follow in 1978—output there is expected to begin this July. But losses in European oil marketing seem set to continue, an unpleasant subject almost ignored, and completely unquantified, in the accounts.

Lucas Industries

Following a strongly accelerating trend through 1976-77, Lucas Industries' profits have risen from £21.0m. to £34.7m. pre-tax in the half-year to January. Vehicle equipment sales have been especially strong on the continent (a fifth of turnover) where volume growth in brakes and fuel injection systems has been running at well over 20 per cent. Lucas claims to have made further inroads into the German market, and the growth of the diesel engine market in France—where it supplies both Citroen and Peugeot—is having a big impact.

The profits improvement has been even more marked in the U.K. than overseas, with considerably higher returns from the reorganised electrical business, and a good performance on the brakes side with volume gains running at about 4 per cent. The group has also benefited from smooth production runs, and a 29 per cent. rise in exports. Aircraft equipment is the one bleak area, reflecting lower sales for the Rolls Royce RB211 engine.

Overall profits of £75m. to £80m. pre-tax are now in view for the year, against £55.8m. last time, which would take the p/e down to around 6: the yield is 5 per cent. Further ahead the first phase of the big expansion in diesel equipment will be completed by the end of this year, and the U.S. market has yet to be tackled: Lucas is currently thinking in terms of green field investments.

Cadbury Schweppes

Cadbury Schweppes has emerged from 1976 in slightly better shape than looked likely at the interim stage. Canada apart, the overseas loss-makers have been contained, while at home both sales volume and market shares rose modestly. The upshot is a rise in pre-tax profits of £8.2m. to £45.6m. excluding disposals, while earnings per share are just about all square after the higher tax charge and the diluting effect of 1975's rights issue.

Thanks to loss elimination in Canada (worth maybe £2½m. pre-tax) and the possibility of a lower tax charge, Cadbury is hopeful about earnings progress in 1977. But working capital demands are rising under the impact of cocoa prices, and capital spending this year is going up by around two-fifths to £40m. End-December stocks were a fifth or so higher: and net interest charges rose from £3.9m. to £5.5m. over the two halves of 1976. The shares yield a comfortably covered 9¾ per cent. at 45½p, but the p/e is less attractive at 10.

Weather

U.K. TO-DAY

BRIGHT SPELLS. Rain at times. Rather cold.

London, S.E., Cent. S. and S.W. England, E. Anglia, E. Midlands, Channel Is.

Rather cloudy, showers. Wind S.W. fresh. Max. 9C (48F).

E. and N.E. England, Borders, Edinburgh, Aberdeen, Moray Firth, N.E. Scotland, Orkney, Shetlands.

Bright intervals. Wind S.W., strong. Max. 8C (46F).

W. Midlands, Wales, N.W. and Cent. N. England, Lakes, I. of Man, S.W. and N.W. Scotland, Glasgow, Cent. Highlands, Argyll, N. Ireland.

Cloudy, squally showers, wintry on mountains. Wind S.W., strong. Max. 8C (46F).

Outlook: Showers. Sunny intervals. Snow on N. hills.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Al'x'ndria	C	26	79	Madrid	F	10	50
Amstrdm.	S	5	41	Manchstr.	C	5	41
Athens	F	20	68	Melbourne	S	22	72
Bahrain	C	29	84	Milan	C	6	43
Barcelona	S	11	52	Montreal	C	11	52
Belfast	F	12	54	Moscow	F	—1	30
Belgrade	C	5	41	Munich	C	—1	30
Berlin	F	—1	30	Newcastle	C	4	39
Birmghm.	R	5	41	New York	S	19	66
Bristol	R	7	45	Oslo	C	2	36
Brussels	S	6	43	Paris	S	9	48
Budapest	C	1	34	Perth	S	25	77
B. Aires	S	19	66	Prague	C	—2	28
Cairo	S	30	86	Reykjavik	S	—2	28
Cardiff	R	9	48	Rio de J'o	C	25	77
Cologne	F	3	37	Rome	F	15	59
Copnhagn.	C	0	32	Singapore	S	31	88
Dublin	R	12	54	Stockholm	S	4	39
Edinburgh	C	10	50	Strasbg.	S	5	41
Frankfurt	S	2	36	Sydney	S	29	84
Geneva	C	4	39	Tehran	C	15	59
Glasgow	C	12	54	Tel Aviv	F	20	68
Helsinki	S	1	34	Tokyo	R	11	52
H. Kong	S	22	72	Toronto	C	5	41
Jo'burg	S	24	75	Vienna	C	1	34
Lisbon	F	16	61	Warsaw	Sn	—2	28
London	R	7	45	Zurich	C	1	34
Luxembg.	S	1	34				

HOLIDAY CENTRES

		°C	°F			°C	°F
Ajaccio	C	12	54	Jersey	C	7	45
Algiers	C	11	52	Las Plms.	F	19	66
Biarritz	F	10	50	Locarno	C	6	43
Blackpool	R	7	45	Luxor	F	34	93
Bordeaux	C	9	48	Majorca	F	13	55
Boulogne	C	6	43	Malaga	S	18	64
Casblnca.	F	16	61	Malta	F	16	61
Cape Tn.	S	21	70	Nairobi	C	21	70
Corfu	C	18	64	Naples	F	13	55
Dubrovnik	C	12	54	Nice	C	12	54
Faro	S	19	66	Oporto	C	14	57
Florence	R	9	48	Rhodes	F	24	75
Funchal	C	16	61	Salzburg	F	0	32
Gibraltar	S	18	64	Tangier	S	16	61
Guernsey	R	7	45	Tenerife	S	15	59
Innsbruck	F	3	37	Tunis	F	15	59
Inverness	R	9	48	Valencia	S	13	55
Is of Man	C	9	48	Venice	C	7	45
Istanbul	C	22	72				

S—Sunny, F—Fair, C—Cloudy, R—Rain, Sn—Snow

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